Austria Sch22	Indonesia ... Rp3100	Portugal Esc100
Bahrain ... Din0.650	Israel NS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore .... S$4.10
Canada ...... C$1.00	Japan Y600	Spain Pta125
Cyprus .... C£0.75	Jordan Fils.500	Sri Lanka Rup30
Denmark ... DKr9.00	Kuwait Fils.500	Sweden SKr8.00
Egypt .... E£2.25	Lebanon ... $L125.00	Switzerland. SFr2.20
Finland Fmk7.00	Luxembourg ... LFr48	Taiwan .... NT$65
France FFr6.50	Malaysia Rm4.25	Thailand Bt50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong ... HK$12	Netherlands... Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr8.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,409 Tuesday December 8 1987 D 8523 A

Nicaragua: Contras take their toll of economy, Page 26

World News | Business Summary

Carlucci seeks $33bn cut in US arms budget

Frank Carlucci, the new US Defence Secretary, has ordered the Pentagon to prepare cuts of about $33bn from next year's military budget.

Some Pentagon officials are already mustering support for a counter-attack, leaking reports that important weapons systems could be jeopardised by the planned cuts.

The proposed cuts represent a reduction of about 10 per cent on the estimates drawn up by Caspar Weinberger, Carlucci's predecessor. **Page 4**

Brazil nuclear sub plan

Brazil has spent $38m on a nuclear submarine project and expects to build the vessel by the end of the century, Henrique Saboia, the navy minister, said yesterday. He forecast the final cost would be over $300m.

Bank row spreads

French unions called for a day of protest against the Banque de France today. Most of the bank's subsidiaries around the country were expected to be closed. **Page 3**

India warns US

India warned the US that relations will deteriorate if the US goes ahead with an attempt to make supplies of aid and high technology conditional on India opening nuclear installations to international inspection. **Page 4**

TV satellite in trouble

Engineers are trying to repair Europe's first direct broadcasting satellite, more than two weeks after its launch. Unless fixed, the satellite may be able to transmit only two television channels rather than four. **Page 2**

Poles snub venture

Workers' management councils at four Polish electronics plants refused to join Elpol, a week-old venture integrating the country's electronics industry. **Page 3**

Ongpin found dead

Jaime Ongpin, former Philippine finance minister, was found shot dead. His son suggested he had killed himself. **Obituary, Page 4**

Iran fires at Kuwait

Iran appeared to signal its displeasure at Kuwait's decision to lend the US Navy a barge in the northern Gulf by firing a missile into Kuwaiti territorial waters. **Page 4**

Dhaka protest strike

Bangladeshi President Ershad promised to hold elections within three months. A strike closed most Dhaka shops, offices, banks and factories. **Strike details, Page 4**

Mudslide kills 15

At least 15 people were killed and about 100 missing after mudslides in the Peruvian Andes 400 km northeast of Lima, said police. An official said the death toll could be as high as 60.

Aegean plan snubbed

Greece, Turkey and Cyprus rejected a proposal by the US Congress for the appointment of a special American envoy to help resolve the Cyprus problem and Greek-Turkish differences in the Aegean. **Page 3**

Zola auction halted

The Paris appeals court has blocked the auctioning of the famous Dreyfus manuscript known as *J'accuse* by Emile Zola until a dispute between his heirs has been settled.

Dissidents unite

Leaders of 25 dissident groups in the southern Polish city of Krakow announced the creation of a federation to co-ordinate opposition activities.

5m Ethiopians 'at risk'

At least 5.2m Ethiopians will be at risk from drought next year, said Javier Perez de Cuellar, UN Secretary-General. He estimated one million tons of food aid would be needed.

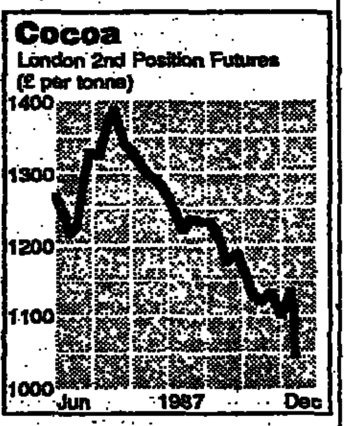
Wall Street firm to lay off 700 employees

L. F. ROTHSCHILD, the Wall Street securities firm which lost a quarter of its equity capital in the stock-market crash, is laying off almost half its workforce in a desperate bid to preserve its 88-year-old business.

The firm, in which J. Rothschild Holdings of the UK holds an 8 per cent stake, said that it was laying off 700 of the 2,000 employees it started the year with after negotiations on a sale or capital infusion were broken off. **Page 26**

LEGRAND, French electricals company, made a counter-bid for

Cocoa
London 2nd Position Futures
(£ per tonne)



MK Electric, valuing the UK electrical accessories manufacturer at £255m ($456.5m). This compares to the £206.5m value of the original unwelcome offer from RTZ, UK mining and energy conglomerate. **Page 26.**

TELEX, US computer peripheral equipment manufacturer, has received a takeover offer from Memorex, London-based computer memory group. **Page 27**

COCOA prices plunged in London and New York after the failure of the International Cocoa Organisation's talks on a price support mechanism. The March position cocoa contract fell £89 a tonne to £1,048 in London. **Commodities, Page 34**

WALL STREET: The Dow Jones industrial average closed 45.43 up, at 1812.17. **Page 46**

LONDON: A steady dollar led equities to open a new trading account firmly, although rises were trimmed by a faltering start in New York. The FT-SE 100 index closed 15.6 higher at 1,598.4. The FT Ordinary index firmed 16.6 to 1,279.3. **Details, Page 42**

TOKYO: Late small-lot buying pared early gains to leave the Nikkei average 86.89 down from Saturday's half-session at 22,586.52 in meagre trade. **Page 46**

DOLLAR closed in New York at DM1.6785, FFr5.6840, SFr1.3695 and Y132.95. It closed in London at DM1.6715 (DM1.6690); FFr5.6650 (FFr5.6575); and SFr1.3660 (SFr1.3640); Y132.75 (Y132.80). **Page 35**

STERLING closed in New York at $1.7860. It closed in London at $1.7945 ($1.7975); DM3.00 (DM2.9975); FFr10.1650 (FFr10.17); Y238.25 (Y238.75); and SFr2.4525 (unchanged). **Page 35**

WILLIAMS HOLDINGS, UK industrial conglomerate, acquired Berger, Jenson & Nicholson from Hoechst, West German chemical group for £133m, making its second major move into the decorative paint market in six months. **Page 27**

OLYMPIA & YORK, Canadian property and resources group, has revealed in a filing with the Securities Exchange Commission that it does not "presently intend to propose" a cash offer of $63 per share for Santa Fe Southern Pacific, Chicago-based transport group. **Page 27**

TONKA, US toy maker, expects to report a net loss of $8m in 1987, followed by a recovery in 1988, with results falling in a range of break-even to a profit of $10m. **Page 27**

MITSUBISHI ELECTRIC, Japanese machinery and computing group, increased net earnings 23 per cent in its first half to September to Y9.72bn ($73.2m) compared with Y7.90bn in the corresponding period last year. **Page 29**

Gorbachev and Thatcher declare arms deal hopes

BY PETER RIDDELL, POLITICAL EDITOR, IN BRIZE NORTON

MR MIKHAIL GORBACHEV, the Soviet leader, and Mrs Margaret Thatcher, the UK Prime Minister, yesterday expressed mutual confidence that today's signing of the US-Soviet treaty eliminating intermediate-range nuclear weapons would soon be followed by further agreement on both nuclear and conventional arms reductions.

They were speaking after Mr Gorbachev's brief stopover in Britain on his way to the four-day Washington summit with President Ronald Reagan.

The meeting took place at the British airforce base at Brize Norton, Oxfordshire, in central England. It was the first such visit to Britain by a Soviet general secretary since 1956.

His packed two-hour visit from 11.35 am to 1.40 pm included wide-ranging talks, together with expressions of good will and friendship, exchanges of Christmas presents, and a visit by Mrs Raisa Gorbachev to see a nativity play at a nearby primary school.

There were a succession of media events and photo opportunities to satisfy more than 400 journalists and television personnel, but only time for a spirited rendering of the Soviet national anthem - and not the British one - before the leaders started talking.

It was an occasion more of mood than substance or initiatives and a further public relations coup for Mrs Thatcher. Her advisers clearly feel that the mutual understanding with Mr Gorbachev has been further deepened, after the success of his first visit to Britain three years ago, and her successful trip to Moscow last March.

One senior participant said afterwards that the key result was that, ahead of the Washington summit, the Soviet team had been left in no doubt of the British and Nato position on further nuclear arms reduction.

He also stressed the "convivial and relaxed mood" and contrasted the "jovial approach" of Mr Gorbachev over lunch with that of some of his sterner-faced colleagues.

Mrs Thatcher said there had been animated debate involving two strong personalities. An elated Mrs Thatcher claimed to have achieved "an understanding" by the Soviet leader of the British emphasis on the need for a conventional arms balance, and the elimination of chemical weapons, as the next steps before any further reduction in nuclear weapons in Europe.

She also expressed hope that the intermediate-range treaty would quickly be followed by the agreement on strategic weapons.

The only public conflict came when Mr Gorbachev restated his belief in striving for a "non-nuclear world." Mrs Thatcher reiterated her view that nuclear weapons could not be disinvented and that their abandonment would enhance the risk of conventional or chemical war.

"I want a war-free Europe, not a nuclear-free Europe," she said later on television. Mrs Thatcher emphasised that the British deterrent was "a last resort, and irreducible minimum."

The Soviet-US negotiations had to go "a lot, enormously further" than the proposed 50 per cent cut in strategic nuclear weapons before the UK could then put in its own deterrent.

Mrs Thatcher also repeated her long-held view that greater mutual confidence could be created between the US and the Soviet Union if they both agreed to retain the Anti-Ballistic Missile Treaty for at least seven years. This, she believed, would reduce uncertainty and mistrust in relation to the so-called Star Wars research programmes carried out by both countries, including the US's Strategic Defence Initiative.

She said this would allow research but any deployment would have to be negotiated. Mrs Thatcher claimed that the Soviet leader had been sympathetic to her viewpoint and said he was willing to take part in further moves.

Mrs Thatcher also talked enthusiastically of the nature of the talks with Mr Gorbachev. The two hours, she said, had gone all too fast, with only 75 minutes of bilateral discussions and time taken up by translation.

She repeatedly underlined her admiration for Mr Gorbachev's progress with *perestroika* and with *glasnost* – changing Soviet society – which made him a different Soviet leader from his predecessors.

The British side was particularly pleased with Mr Gorbachev's reference to the UK's role in contributing to the agreement leading up to today's treaty. Mrs Thatcher said she hoped that Mr Gorbachev would soon pay a longer visit to Britain, although not necessarily next year.

At a later press conference Mrs Thatcher said that the Anglo-Soviet trade memorandum signed

Continued on Page 26

Editorial comment, Page 24

Soviet leader Mikhail Gorbachev with a smiling Mrs Margaret Thatcher

Optimism masks deep divisions ahead of US summit

By Robert Mauthner, Diplomatic Correspondent, in Washington

PRESIDENT Ronald Reagan and Soviet leader Mr Mikhail Gorbachev will begin their summit meeting here today in an optimistic mood.

This was in spite of the fundamental differences which continued to divide them, the chief spokesmen from both sides said yesterday shortly before Mr Gorbachev landed in Washington.

The two leaders hope to make progress, in particular, towards a reduction of 50 per cent in the superpowers' strategic nuclear arsenals, but are not expected to set a deadline for an agreement. Mr Marlin Fitzwater, the White House spokesman, stressed that it was not necessary for a Strategic Arms Reduction Talks (Start) agreement to be ready for signature at the next scheduled summit between Mr Reagan and Mr Gorbachev, due to take place in Moscow in the spring of 1988.

Such a summit could be held even in the absence of agreements, both he and Mr Gennadi Gerasimov, the Soviet Foreign Ministry spokesman, said at a joint briefing.

Mr Fitzwater said that Mrs Margaret Thatcher, the British Prime Minister, had given Mr Reagan "a full description" of her short meeting in London with Mr Gorbachev during a 15-minute telephone conversation with the US President yesterday morning. Mrs Thatcher said that the Soviet General Secretary had indicated that he was optimistic about his forthcoming meeting with Mr Reagan.

The White House spokesman studiously declined to support Mr Gerasimov's implied suggestion that the summit was another step towards complete nuclear disarmament. Mr Fitzwater emphasised that the verification regime for a Start agreement was far more complex than the system devised for the Intermediate-Range Nuclear Forces (INF) agreement, due to be signed by Mr Reagan and Mr Gorbachev today.

Neither side was giving much away on the biggest problems due to be discussed by the two leaders, President Reagan's Strategic Defence Initiative (SDI), known as Star Wars, and the US interpretation of the 1972 Anti-Ballistic Missile Treaty (ABM).

France moves to expel 20 Iranian exiles

BY PAUL BETTS IN PARIS

THE FRENCH Government decided yesterday to expel about 20 Iranian opponents of the Khomeini regime living in exile in France after a series of police raids against members of the People's Mujahedin opposition movement in the Paris suburbs.

The move was immediately linked to recent efforts by Paris and Tehran to normalise relations between the two countries.

It follows the release of two French hostages held in Lebanon and the exchange of diplomats between France and Iran.

The Government's decision is bound to fuel suspicions that the release of the hostages, Mr Jean-Louis Normandin and Mr Roger Auque, was the result of a deal between the two countries.

However, Mr Robert Pendraud, the French Security Minister, denied that there was any connection between the police raids and the negotiations between France and Iran.

The authorities repeated their denial that a ransom had been paid or that arms had been supplied to Iran to secure the release of the hostages.

The police did not disclose the precise number of Iranians involved in the raids.

However, officials said about 20 were involved and an Interior Ministry statement accused the Iranians of taking part in "militant actions which seriously undermined public order".

The Mujahedin's London office claimed that 30 people had been arrested, and commented: "It is more than obvious there has been a deal".

Mr Massoud Rajavi, the organisation's leader, now based in Iraq, was reported to have sent a protest message to President Francois Mitterrand.

The series of raids was the second official crackdown on the Mujahedin since Mr Jacques Chirac's conservative Government came to power in March 1986.

After the previous operation in June 1986, Mr Rajavi left France for Iraq, and Iran indicated that the French authorities had fulfilled one of the conditions for normalising relations between the two countries.

The latest police operation appears to have been larger than last year's.

There was no comment on the move from the British Government, which was infuriated last week by suggestions that the French Government had struck a hostage deal.

The issue was raised with Mr Chirac by Mrs Margaret Thatcher, the UK Prime Minister, during the Copenhagen EC summit at the weekend.

She said afterwards that she accepted Mr Chirac's assurances to the contrary.

Texaco makes new offer to Pennzoil

BY JAMES BUCHAN IN NEW YORK

TEXACO, the US oil company which has been crippled by a $10.3bn damage judgment awarded to Pennzoil, has offered an immediate $1bn if its smaller rival agrees to a ceiling of $3.5bn on the judgment.

The offer, which was apparently made by Texaco's management after a day of internal meetings at its surburban New York headquarters on Sunday, marks a concession by the big oil group, which has taken refuge from the judgment in bankruptcy. Texaco was found guilty by the Texas courts of interfering with Pennzoil's contract to buy a part of Getty Oil in 1984.

Texaco, which has threatened to appeal the case to the Supreme Court, last week offered a similar, but less generous, "base and cap" deal. The bankruptcy court heard last week that Texaco will hand over a non-refundable $500m provided Pennzoil is satisfied with a total of $3bn, even if the court upholds the judgment.

Texaco's new stance adds to market hopes that the rivals may be creeping towards a settlement under pressure from Texaco's major stockholder, Mr Carl Icahn, the aggressive corporate raider.

The market fears that the two companies could be entwined in litigation for years if Texaco files with the Supreme Court next month without a settlement. But there are new hopes - shared by Texaco - that Mr Icahn, who last month sank $348m into Texaco stock for his 12.3 per cent voting block, will put pressure on Pennzoil to lower its price for a settlement. Pennzoil has said it will accept a base and cap deal, but at $1.5bn and $5bn.

Texaco rose $1⅛ at $32⅞ in early trading yesterday, while Pennzoil shed $⅛ to $74¼.

The new offer brings Texaco basically in line with its main creditors excluding Pennzoil, but many big stockholders remain unhappy with the arrangement.

EC agrees reform package for air transport industry

BY TIM DICKSON IN BRUSSELS

LOWER FARES, more routes, and new opportunities for airlines were among advantages claimed for the European Community's package of air transport reforms which was finally agreed in Brussels yesterday.

The long-awaited deal, which will come into effect on January 1, was approved by transport ministers of the 12 member states without any serious last-minute hitch and without any discussion of Gibraltar, the airport whose disputed status caused a dramatic breakdown in EC negotiations on airline liberalisation earlier this year.

The last hurdle was effectively cleared last week when Britain and Spain found a formula for settling their differences over the disputed British territory.

But the sustained applause which broke out in the EC council chamber yesterday afternoon reflected widespread relief that changes first proposed 2½ years ago can finally be implemented.

Few observers believe that Europe's highly protected airline industry will be transformed overnight, but both Mr Stanley Clinton Davis and Mr Peter Sutherland, respectively the Transport and Competition Commissioners of the EC, stressed that the deal was a crucial "first step" in a process which the EC hopes to complete by 1992.

With the details of the package identical to those blocked by Spain in June, the only major issue to be decided yesterday was timing. Mr Paul Channon, the UK's Transport Minister, said consumers should benefit from lower fares by next summer.

The advantages to airline travellers will largely depend on the extent to which the airline industry responds to the deal. Therefore, air carriers will automatically win approval for discount fares within certain bands without the risk of their proposals being blocked by national governments.

The accord also outlaws the most flagrantly anti-competitive 50-50 capacity sharing arrangements between member states so that airlines will be able to put on some new flights unimpeded.

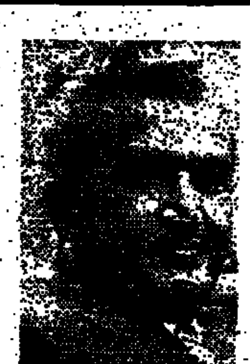
A government will only be able to intervene if the market share of its national airline on a particular route falls below 45 per cent in the first two years of the deal, or 40 per cent in the third year.

It was agreed that the 40 per cent rule would come into effect on October 1, 1989.

Finally, there are provisions for encouraging greater market access so that airlines can start new services on the busiest routes, step up flights between "hubs" such as Heathrow and designated regional airports, and set down passengers in an intermediate country of the Community before carrying on to a final destination.

Two uncertainties remained last night. One was if and when Gibraltar would become part of the deal (last week's Anglo-Spanish compromise has to be approved by Gibraltar). The other was whether the Commission will proceed with its separate legal action against airlines which it has been pursuing under the Treaty of Rome.

CONTENTS



ROMANIA PULLS DOWN SHUTTERS ON CRITICAL WORLD

President Nicolae Ceausescu, who seems reluctant to loosen hold on decision-making, Page 3

Bonn plans compromise on EC finance

BY QUENTIN PEEL IN BRUSSELS

WEST GERMANY has already begun work on possible compromise solutions for the European Community financial reform package which ended in deadlock at last week's summit meeting in Copenhagen, officials in Bonn said yesterday.

The ideas could be presented to next week's meeting of the EC's foreign ministers if the current Danish chairman, Mr Uffe Ellemann-Jensen, agrees.

It is not yet clear, however, whether the German plans will be based on the Danish compromise paper presented in Copenhagen, which Chancellor Helmut Kohl of West Germany rejected as "totally unacceptable."

On his return from Bonn, Mr Hans-Dietrich Genscher, the West German Foreign Minister, ordered the start of work on ways to break the deadlock; a draft proposal will be ready by tonight, a foreign ministry spokesman said.

The German plans are likely to be viewed with considerable suspicion at this stage, because Bonn's position in the negotiations, on budget discipline and agricultural reform has been one of the least compromising. The UK, Denmark and the Netherlands are all keen to continue negotiations on the present Danish plan, which also retains much of the original plan from the European Commission.

At the heart of the current budget dispute lies the question of how to control farm spending, with the Commission, the UK and the Netherlands calling for automatic price cuts to counter over-production, and Bonn resisting any automaticity.

The failure of the summit also lays the 12 member states in the EC Council of Ministers open to a challenge in the European Court by the two other main EC institutions – the Commission and the European Parliament – for failing to produce a 1988 budget.

Yesterday was the deadline by which the Council had to produce a budget, set by both institutions in order to see if Copenhagen would produce a satisfactory solution.

Although the EC Budget Ministers are meeting on Wednesday, they are not expected to agree on any more than emergency financing arrangements for 1988, in the absence of a proper budget.

The Parliament then seems likely to take the case to the Court in Luxembourg - and the European Commission said yesterday it would be closely co-ordinating its position with the MEPs.

Reuter reports: French farmers yesterday restated their hostility to reform of European Community farm price policies as West German farmers called on their government to ensure that automatic price cuts were off the agenda before the emergency Brussels summit in February.

The French farmers' union FNSEA said; "The FNSEA restates its outright opposition to any reform of the Common Agricultural Policy until a farm budget with new and safe resources has been secured."

Union spokesmen said most FNSEA officials did not regard last weekend's Community summit in Copenhagen as a failure. They said several positive factors came out of Copenhagen, pointing to signs of British flexibility.

"It certainly was not a failure. Postponing a decision until the new summit in February was a fairly good solution," a senior FNSEA source said.

The West German Farmers' Association president, Mr Constantin Heeremann called for European Community farmers to cut back production instead of curbing prices.

A statement said Mr Heeremann urged the Bonn government to ensure that, by the time EC leaders met again in February, the introducion of automatic price cuts was no longer under discussion.

Mr Heeremann said cuts in production would require additional financial contributions

"The Goverment should persuade its partners in the Community that such a sensible investment in future cost reductions would represent a significant contribution to the consolidation of the EC's finances," he said.

Deadline nears for agreement on steel output quotas

BY WILLIAM DAWKINS IN BRUSSELS

AN ULTIMATUM over controversial European Commission plans to dismantle EC steel output controls faces the European Community's 12 industry ministers today.

A ministerial meeting in Brussels is to attempt to decide on a commission proposal to phase out most steel quotas in steps by the middle of next year. Many big integrated producers feel the proposal is too tough and would force down prices.

If member states cannot agree on the package by the end of the year, the entire quota system, helping to support prices for 60 per cent of EC steel output, will expire automatically by January 1.

The commission's steel package has split EC governments so deeply that the chances of a final agreement today are slim. Ministers will probably be forced to make a final attempt at a reaching a steel accord at another session before Christmas.

Britain, supported by Denmark and the Netherlands, is pushing for a faster return to an unprotected steel market than envisaged by Brussels. West Germany, Italy, France, Belgium and Luxembourg want a more gentle end to quotas than the commission has proposed. Meanwhile, Mr Karl-Heinz Narjes will be going into the session planning "to stick firmly to his position", a commission official said yesterday.

Steel quotas were put in place in 1980 to help producers reduce excess capacity during the recession. Brussels maintains that demand for steel is now buoyant enough for the industry to compete in a free market, an argument supported by the commission's latest output figures published yesterday.

These show that EC monthly crude steel production reached 11.4m tonnes in October, 7.7 per cent more than the previous month and 2 per cent above October 1986. New orders in July and August showed a 17 per cent increase over the same period the previous year, the commission estimates.

Brussels is proposing that quotas for wire rod and merchant bars should cease to apply at the end of the year. Production limits for hot and cold rolled coil – representing 10m tonnes of the EC's total 30m tonnes of steelmaking overcapacity – would go on July 1.

Heavy sections and heavy plate would also come out of the quota system on that date, unless the industry comes forward with outline voluntary closures by December 15 for three quarters of the 10m tonnes surplus capacity in those two products.

If that happened, the commission proposes to give them more lenient treatment and allow quotas for heavy sections and plate to continue until the end of 1990.

West Germany, France and Italy will argue today that hot and cold rolled coil should also be given the option to stay in the quota system for three more years.

Engineers struggle to repair TV satellite

By Raymond Snoddy

WEST GERMAN engineers are still trying to correct a fault with TV-Sat, Europe's first direct broadcasting satellite, more than two weeks after its launch.

One of TV-Sat's two 65ft-long solar panels which power the satellite failed to open. Unless the fault can be rectified the satellite may be able to transmit only two television channels rather than four.

Tests are being run this week to try to find out the best way of dealing with the embarrassing fault on the DM1bn (£336m) vehicle.

Mr Rolf Arnim, managing director of Eurosatellite, the Franco-German consortium which built TV-Sat and the French DBS satellite TDF-1 due to be launched next spring, said yesterday: "We want to find out very precise information on how to tackle the problem."

At one stage there were fears that TV-Sat could be a write-off when difficulties were experienced communicating with it.

However, Mr Arnim said that communications had been restored and the satellite was under control from a West German ground station. It was too early, he added, to know how many television channels the satellite would be able to broadcast.

The problems with TV-Sat could lead to delays with the launch of TDF-1. Eurosatellite will now carry out an investigation of the French satellite to try to avoid any chance of the same fault happening a second time.

The whole episode underlines how risky a business satellites can be even when the launch rocket works perfectly.

Astra, a 16-channel Luxembourg-based satellite is due to be launched next autumn, and British Satellite Broadcasting plans to launch the UK's direct broadcasting satellite in autumn 1989.

Urban cleared

A Polish court has rejected a slander suit against the government spokesman, Mr Jerzy Urban, by four intellectuals who accused him of defaming them by linking them to a US diplomat accused of spying, AP reports from Warsaw.

Mischievous MPs tamper with Italian budget plans

BY JOHN WYLES IN ROME

THE ITALIAN Government was looking distinctly uneasy yesterday at the prospect of piloting its 1988 budget proposals through the Camera, the lower house of parliament, after suffering a number of defeats in the Senate.

The Finance Bill which eventually cleared the Senate late on Sunday evening was in a somewhat more elongated form – 38 articles against the government's original 20 – and also amended in a number of important respects.

It was impossible to find out from any responsible ministry yesterday whether the final version was in line with the government's deficit target of L103,500bn (£47bn). First impressions seemed to be that that this had suffered rather less damage than the government's pride and authority.

On a number of occasions the five-party coalition's majority fell victim to the temptations of the secret ballot which is permitted at the final stage of the legislative process. The most bitter and controversial defeat came on Saturday evening when an estimated 35 Christian Democrat *franchi tiratori* (sharpshooters) voted under the cloak of anonymity with the opposition to block a special L2,000bn unemployment fund greatly prized by Mr Rino Formica, the socialist Minister of Labour.

This was accurately interpreted as an anti-socialist move which may be the harbinger of many more defeats to come when the Camera comes to vote on the Finance Bill later in the month. If the government is unable to count on its majority because of excursions by mischievous backbenchers, then its prospects of surviving until the spring look bleak.

The only crumb of comfort available to the government is the fact that some amendments carried against its will erred on the side of economy, if not always of political sense. One will limit drugs freely available under the health service to those listed as essential by the World Health Organisation – a move which many politicians complained put Italy on the same level as the Third World.

As it is, the rewriting of the Finance Bill following the crash in the markets, and the political crisis last month involving the Liberal Party have put the budget procedure way behind schedule. This means that passage may be delayed until February or beyond, and in the meantime monthly government spending will be subject to artificial limitations.

Kohl urges N-arms link with conventional forces

MR HELMUT KOHL, the West German Chancellor, yesterday urged the North Atlantic Treaty Organisation to develop a strategy linking future East-West talks on reducing short-range nuclear weapons to negotiations on cutting conventional forces in Europe, **Reuter reports from Bonn.**

Mr Kohl said that as Nato had acknowledged the need for cuts in intercontinental nuclear missiles and a ban on chemical weapons, it should now adopt a "unified concept" following the superpower agreement on intermediate-range weapons (INF).

"Talks on short-range nuclear systems must take place in conjunction with the establishment of a conventional balance," Mr Kohl told the executive of his Christian Democratic Union. "It's a matter of a unified concept, to avoid an isolated look at individual categories of weapons."

President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, are scheduled to sign the INF treaty in Washington today.

Mr Kohl said Bonn's insistence on negotiating cuts in short-range nuclear systems, with a range of less than 500km, was rooted in West Germany's position on Nato's front line.

He added that Western sceptics who doubted a ban on chemical weapons could be enforced should examine the ban on biological weapons, which he said was a success.

Mr Manfred Woerner, the Defence Minister, said in a radio interview that the significance of Soviet superiority in conventional forces would increase after withdrawal of INF missiles. He said agreements on cuts in the Soviet forces should come high on Nato's agenda in coming arms talks.

Mr Friedhelm Ost, the chief government spokesman, issued a statement saying Bonn had "very concrete expectations" on the Washington summit. He said West Germany expected movement toward a worldwide ban on chemical weapons and agreements to tackle conventional disarmament.

E German churchmen cleared

BY LESLIE COLITT IN BERLIN

A CLASH between church and state in East Germany has been averted by the decision to drop criminal charges against four members of a church-sponsored environmental group.

The four men were detained on November 25 during a midnight raid on the rectory of East Berlin's Zion Church, where East Germany's only environmental library is located. An independent environment bulletin is produced there under church auspices.

The East German news agency said the men were caught "in the act of producing subversive publications." Several mimeograph machines were confiscated by the public prosecutor's office.

The arrests caused mounting tension between the normally submissive protestant church and the authorities. But church protests led to the release of the men pending the outcome of an investigation.

The state prosecutor this week informed a lawyer that charges were to be dropped. He said that the authorities wrongly believed that an underground publication called *Grenzfall* (Border Incident) was published in the church rectory.

One of the released environmentalists, Mr Wolfgang Rueddenklau, thanked the church for its "courage" at a special service in Zion Church attended by nearly 1,000 East Berliners. He said the church had helped every East German "who wants to walk unbowed."

The conciliatory action by the authorities is seen as a response to charges that East Germany has remained immune to Soviet-style *glasnost*.

Another sign of a possible moderation of East German orthodoxy is the first showing in East Berlin last week of a 19-year-old East German film, The Russians Are Coming. It was barred from release in 1968 because the film's hero was an ordinary young German during the Second World War who fought against the Russians.

There are still more than 400 political prisoners in the Soviet Union, although the figure has fallen this year, according to the Helsinki Watch group in the US, Reuter reports. It said that at least 430 people tried for human rights, publishing, religious or nationalist activities were known to be in Soviet labour camps, prisons, exile or psychiatric hospitals.

French far left and right fly into heavy weather

BY PAUL BETTS IN PARIS

THE TWO parties at the opposite extremes of the French political spectrum are experiencing increasing, and at times unexpected, difficulties in the run-up to the presidential election next spring.

Mr Jean Marie Le Pen, controversial head of the extreme right National Front, had a planned tour of the French Caribbean rudely interrupted when 3,000 demonstrators prevented his airliner landing on Sunday at Lamentin airport in Martinique.

The jumbo carrying more than 400 regular passengers then flew to Point a Pitre in Guadeloupe where more opponents of Mr Le Pen were staging a protest at the airport. Although the aircraft was able to land, Mr Le Pen refused to disembark, insisting on his rights as a French citizen to go to Martinique. The aircraft then flew him back to Paris barely a day after he had left.

The National Front leader had chosen to ignore strong warnings by local left-wing political groups and labour movements on the islands that they would seek to block his visit. Even before he left Paris, staff had threatened to go on strike at the Martinique hotel in which he was due to stay.

Mr Le Pen, whose outspoken racial views provoked the latest protests, yesterday accused the conservative government and the French security forces of failing to take the appropriate action to allow him to land at Martinique. He said it was scandalous that a candidate in the presidential election had been prevented from visiting a French territory.

The affair comes only a week after Mr Le Pen suffered a political setback in a local election in Marseilles. The majority of National Front voters there failed to follow his instructions to abstain in the second round of voting rather than vote in favour of the centrist candidate.

Despite these recent blows, public opinion polls forecast that Mr Le Pen will win about 10 per cent of the national vote in the first round of the presidential election next May. This is more than can be said of the communists, whose 26th congress ended on Sunday with the party re-electing Mr Georges Marchais as secretary general.

The communist leadership sought to mobilise its troops at the congress around the party's presidential candidate, Mr Andre Lajoinie. But communist prospects look increasingly glum especially since the party is being challenged directly by its dissident breakaway reformist wing.

Indeed, the independent reformist candidate, Mr Pierre Juquin, who was the official Communist Party spokesman before he left the party, is expected to perform as well if not better than Mr Lajoinie in the presidential vote.

By re-electing Mr Marchais as secretary general, the hardline leadership has sought to strengthen its hand further inside the troubled party. But under Mr Marchais, who has been secretary general since 1972, the party has seen its electoral appeal steadily decline from more than 20 per cent to barely 10 per cent in the last legislature elections.

Moreover, the National Front has virtually overtaken the communists by making serious inroads in recent years into their traditional electorate.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albino, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. Tel: 75980; Tlx: 416193; FAX: 722677. © The Financial Times Ltd, 1987.
FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

Yugoslavia warns of economic collapse

YUGOSLAVIA, which currently devotes between 7 per cent and 10 per cent of its gross national product to debt repayment and servicing, faces economic "collapse" unless foreign creditors grant a financial reprieve, a senior official said yesterday, AP reports from Belgrade.

Deputy Premier Janez Zemljaric made the statement as he addressed a session of the politburo of the Communist Party's central committee, which discussed the worsening economic and political situation in the country.

Mr Zemljaric said Yugoslavia has spent more than $14.3bn in the past four years just for servicing and repaying its $19bn foreign debt without considerably reducing its principal.

"With gross national product growing at between an annual 1 per cent and 3 per cent, it is clear that the continuation of debt repayment at such a pace would lead us to a total collapse in the immediate future," he said.

Negotiations on a Yugoslav request for rescheduling of its debt and reducing of its servicing have started this month with the International Monetary Fund and some of the country's Western creditors. Yugoslavia has proposed that it set aside a maximum of 25 per cent of its foreign currency income for debt servicing and repayment. It currently devotes about 50 per cent of earnings to that purpose.

Mr Zemljaric said that the outcome of the present negotiations with the creditors are of "exceptional importance for the revival of the economy."

In addition to its debt burden, Yugoslavia is saddled with an annual inflation rate of 170 per cent, a 17 per cent unemployment rate and an alarming rise of social tensions.

The economic and political crisis has worsened this year, and more than 200,000 workers have staged 1,300 strikes in protest at low pay and declining living standards.

"Social ills have grown so drastically that they have become one of the main political problems," said Mr Dusan Ckrebic, a politburo member, in his introductory speech. He described the situation in the country as "full of tension" and highlighted "the dissatisfaction of the working people."

He urged the party to take decisive measures to find a cure. There have recently been calls by several prominent intellectuals and non-conformists for rapid changes in the country's economic and political system.

A programme presented at an official annual meeting of Yugoslav economists last week called for the Communist Party to divest itself of its role as "the final arbiter of everything" and to promote the democratic transformation of the country into a "pluralist socialist democracy."

Judy Dempsey reports that the once respectable face of socialism has become increasingly isolationist

Romania pulls down the shutters on a critical world

ROMANIA'S present economic and political policies are leading towards a form of self-imposed isolation which is affecting the country's relations not only with the West but also with Eastern Europe.

The recent sacking of Mr Alexandru Babe, the Finance Minister, and the threat to withdraw from the World Bank, illustrate this trend. "It is as if a siege mentality is taking root here," one East European diplomat said. At a time when Moscow is encouraging other East European countries to allow more criticism, Romania - once hailed by the West as the respectable face of socialism - is withdrawing into itself, pulling down the shutters.

This isolationist policy is a result not of the rise of Mr Mikhail Gorbachev, the Soviet leader, but of the policies pursued in recent years by Mr Nicolae Ceausescu, the Romanian President and Communist Party leader.

Mr Ceausescu is determined to pay off the country's foreign debts by the end of the 1980s. At the same time, he seems more reluctant than ever to loosen his hold on any of the instruments of decision-making. No authority is delegated and power remains in the hands of Mr Ceausescu and his family.

As a result, Romanian diplomats and officials have little leeway to negotiate or make decisions without referring back to the tight circle around the President.

This circle includes Mr Stefan Andrei, the central committee secretary responsible for economic policy and a former foreign minister, who has survived so far all the recent political reshuffles. For the moment, Mr Andrei is important for the leadership since he is an experienced and flexible politician well known in international circles.

Mr Andrei's main task is to oversee the repayment of the foreign debts and try to find more reasonable interest rates for the outstanding loans. "He is useful for the moment. Once the debts have been paid off, his political future might change," an East European diplomat said.

A recent spate of personnel changes, which seem to go beyond the normal system of rotation, suggests that a few individuals, with Mr Ceausescu's blessing, are consolidating their positions.

These include Mr Nicu Ceausescu, the son of the President, who has been recently promoted as party chief in Sibiu county, a comparatively rich, well-developed region in Transylvania. Speculation as to the chances of the highly unpopular son succeeding his father is rife. Others, such as Mr Constantin Mitea, recently appointed the central comittee secretary for ideology, has the task of carefully vetting the Soviet press and keeping Soviet-style *glasnost* (openness) out of the Romanian media.

Mr Ion Stoian, the central committee secretary for foreign policy, who is considered bright,

Nicolae Ceausescu: reluctant to loosen his grip

ambitious but self-serving, has the unenviable task of trying to smooth over the many difficulties between Romania and the West. Meanwhile, Mr Tudor Postelnicu, the newly appointed Minister of the Interior, will no doubt continue the tradition of keeping a tight hold on society as a whole. His latest crackdown on the demonstrators at Brasov suggest no change in this policy.

The signals from the reshuffles in the autumn seem to indicate that the Romanian authorities are prepared to continue with such inflexible policies, even if it means deepening the isolation that exists between itself and other countries.

Growing criticism is being aimed at Romania by its Socialist allies. Polish sources in Bucharest complain that the Romanian authorities dragged their feet when it came to signing a regular inter-governmental agreement. "They do not want to be tied down to substance or detail. It is impossible to negotiate with them," an East European diplomat argued.

The Hungarians and the Czechs have also complained of difficulties in reaching agreement on these inter-governmental agreements. "The Romanians are simply not interested in talking to us in concrete terms on any issue," commented another East European diplomat.

Even the normally silent Bulgarians recently sharply criticised Romanian pollution which was contaminating Ruse, an old port on the Danube in northern Bulgaria. The Yugoslavs have commented bitterly on the blatant misuse by the Romanians of the jointly-run Romanian and Yugoslav hydro-electric power station on the River Danube.

Western countries are experiencing simillar problems. Neutral Sweden is in the depths of a row with the Romanian authorities over the case of Mr Mihai Stoican, a Romanian citizen who married a Swede several years ago. The Romanian authorities have so far not given him permission to leave the country on the grounds that he possesses state secrets. Mr Stoican is a nordic languages specialist.

The Norwegian Foreign Ministry has decided to close its embassy in Bucharest. It no longer regards it as worthwhile to operate out of Romania. "Information is impossible to get hold of. No officials talk openly to us," a Western diplomat commented.

Even at the Vienna follow-up meeting of the Conference on Security and Co-operation in Europe the Romanian delegation is said to be blocking progress on drafting a document which focuses on humanitarian issues.

Even the Soviet delegation, which normally refrains from criticising its allies, is known to be exasperated with Romania's antics at Vienna.

But why are the Romanian authorities pursuing such policies, particularly at a time when Mr Gorbachev and some of his allies want to improve the image of socialism?

Part of the problem is a hypersensitivity to criticism - after all, during the 1960s and 1970s, Romania was hailed by the West as a model of socialism. It was prospering then and gained international support for opposing the Soviet invasion of Czechoslovakia in 1968.

Those days are over. Intent on proving to the West that it can survive without credits and ignore criticism on its dismal human rights record, Mr Ceausescu is determined, as one East European journalist put it, "to prove a point that Romania can go it alone."

The cost of an increasingly isolationist policy has been high. The prophetic words of Professor Silviu Brucan, a veteran member of the Romanian Communist Party who dared to criticise the authorities for ignoring "the legitimate grievances" of the workers in Brasov, are coming home to roost. (He has since been discouraged from talking freely to Western journalists.)

"The prevailing trend in the East today speaks loudly in favour of coming to terms with those grievances," Prof Brucan wrote. "World public opinion is now a formidable force in the defence of human rights. Repression may only result in total isolation, this time not only from the West, but also from the East." Any hope of the Romanian leadership responding positively to these remarks seems a long way off.

French bank strike worsens

By Paul Betts in Paris

THE WEEK-LONG dispute at the Banque de France has hardened, with the labour unions calling for a national day of protest against the central bank today.

Most of the bank's subsidiaries around the country are expected to be closed by the strike and 2,000 workers are expected to come to the capital for a demonstration at the bank's headquarters in what the unions are calling "Banque de France 'dead day."

The labour unrest started last week when a majority of the bank's 17,000 employees rejected a pay offer of little more than 2 per cent made by Mr Jacques de Larosiere, the Banque de France governor.

The dispute has started to disrupt the central bank's operations and the day-to-day activities of the French banking system. Certain branches, including the main banknote printing facility near Clermont-Ferrand, have been paralysed by picketing or workers occupying offices.

The main disruptions have affected central cheque clearing operations and automatic cash dispensing machines which are running out of notes.

Unrest intensified yesterday after the failure last Friday of a new round of negotiations between the governor and the five unions which called the strike. Apart from wage claims, the unions are also campaigning for job security commitments.

Electronics resistance in Poland

By Christopher Bobinski in Warsaw

DEMOCRATICALLY elected workers' management councils at four important Polish electronics plants have refused to join Elpol, a venture integrating the country's electronics industry which formally came into being on December 1.

Elpol has the backing of Mr Zbigniew Szalajda, the Deputy Premier in charge of industrial policy who has been given a seat on its board.

Mr Jerzy Bilip, the new Industry Minister, is also a supporter who argues that enterprise funds must be integrated if the under-capitalised industry is to develop.

Three of the plants are from Warsaw. These are Cemi, the largest electronics components producer, Polkolor a television tube plant, and WZT, a television manufacturer. The fourth, Mera Zap, is from Ostrow Wielkopolski.

Elwrov, the big Wroclaw-based computer concern, has also stayed out, and all five risk missing a share of the funds promised to the more than 90 companies which joined Elpol. Mr Dariusz Lochocki has been appointed general manager of the venture.

Mr Bilip has succeeded in obtaining from the Finance Ministry, which initially resisted the venture, cuts in profit taxes for the Elpol companies, as well as the right to retain a greater share of export earnings.

The dissenters argue that Elpol, which will programme sales and direct imports and exports, is a threat to company independence which is fundamental to Poland's economic reform.

Prominent economists meeting at a recent congress in Krakow have also attacked Elpol as a throw-back to traditional methods which were aimed at building a centrally- managed monopoly strong enough to force development funds from the budget.

Czechoslovak ban on rights march

Czechoslovak authorities have banned a demonstration planned by the Charter 77 human rights group and ordered members of the group to a hearing, Reuter reports quoting emigre sources. The group had planned to hold the demonstration on December 10 in Prague to mark International Human Rights Day.

US proposal for Cyprus special envoy rejected

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE, Turkey and Cyprus have all rejected a proposal by the US Congress for the appointment of a special American envoy to help resolve the Cyprus problem and Greek-Turkish differences in the Aegean.

The proposal, put forward at the end of last week by the Senate Appropriations Committee, was also shot down by the USState Department.

In negotiations which started last month Greece linked the renewal of the agreement which expires next December on the operation of the four American military bases here to the question of US policy on Cyprus and the Aegean.

Athens has not spelled out, in public at least, the exact nature of its demands, but its rejection of the Senate proposal gave an indication of the parameters of what it is seeking.

A US State Department spokesman, echoing the position of both Athens and Ankara, noted in a comment on the proposal that bilateral Greek-Turkish differences were being addressed by the prime ministers of the two countries in an exchange of messages.

The exchange was inspired by the March crisis in which Greece and Turkey just stopped short of an armed clash over oil exploration rights in the Aegean Sea.

In the past week, Athens and Ankara have hinted that, as a result of this dialogue, a meeting between Mr Andreas Papandreou, the Greek Prime Minister, and his Turkish counterpart, Mr Turgut Ozal, may be in the offing in early 1988.

As regards Cyprus, in the view of the State Department, as in that of the Turkish Government, appointing a special envoy would undercut continuing United Nations efforts for a settlement. The Greek and Cypriot governments, on the other hand, reiterated their view that the Cyprus issue was not a bilateral Greek-Turkish problem but an international one involving the occupation of the territory of a UN member state by another.

The US, a Nato ally and major military supplier to both Greece and Turkey, has been caught uncomfortably between the two since Ankara invaded and occupied the northern third of Cyprus in 1974 in response to a Greek military coup against the island's republic's Government.

In the aftermath of the Cyprus crisis Greece and Turkey became entangled in a web of disputes over sea and air space rights in the Aegean.

India warns US against demand for N-inspection

BY JOHN ELLIOTT IN NEW DELHI

INDIA YESTERDAY warned the US that relations between them would deteriorate if the US went ahead with an attempt to make its supplies of aid and high technology conditional on India opening nuclear installations to international inspection.

This follows an attempt in the US Senate appropriations committee last week to make India subject to the same conditions on nuclear proliferation as Pakistan, whose six-year $4.06bn aid package is before the Senate.

The move has upset improvements in US relations with India following a meeting between Mr Rajiv Gandhi, Indian Prime Minister, and US President Ronald Reagan in Washington seven weeks ago.

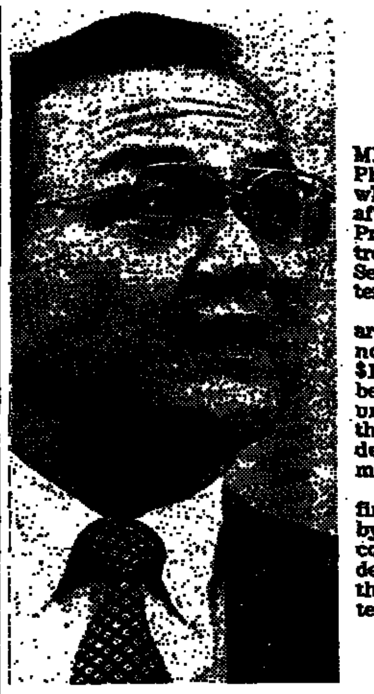
Mr Gandhi has protested in a letter to Mr Reagan, who has publicly expressed his concern about the Senate move. In New Delhi, diplomats are making it clear that India will not open its nuclear installations, and that it can easily forego the small $35m of aid it receives annually from US, and could even abandon its orders for US high technology equipment.

India has been importing an increasing amount of electronics goods from the US and is buying its first US-made super-computer. It is also negotiating a longer-term understanding to buy its first US-made defence equipment for years, including engines and technology for a light combat aircraft, and other electronics items. This would be put at risk if India feels there would be no guarantee of regular deliveries.

It is thought that the US probably wants the Senate to approve the aid to Pakistan while Mr Mikhail Gorbachev, the Soviet leader, is in Washington to show that the US is determined to back Pakistan while Soviet troops remain in Afghanistan.

The problem for India, however, is that Pakistan could then escape the aid ban by agreeing to sign non-proliferation and inspection treaties providing India does so. But India would refuse, thus putting its own aid and technology supplies at risk.

Ongpin: unsung hero of economy



● Ongpin: Respectability for Aquino

BY RICHARD GOURLAY IN MANILA

MR JAIME ONGPIN, former Philippine Finance Secretary, who lost his Cabinet position after an acrimonious battle with President Corazon Aquino's controversial executive secretary in September, was found dead yesterday.

Mr Ongpin, 48, was one of the architects of the country's economic programme and the $13.2bn debt rescheduling now being concluded. He was also an unsung hero of the campaign that finally ousted former President Ferdinand Marcos 21 months ago.

Mr Ongpin's 19 months in the finance hot seat was dominated by negotiations to reschedule the country's $28bn of debt. The deal finally signed last June with the 12-member creditor committee of banks came under strong criticism at home from many senators in the new Senate who said he had accepted terms worse than, for example, Argentina. After a study, however, the difference turned out to be nominal.

Mr Ongpin's position was that, athough it might not have been the best deal, it was better to get it under the belt and spend time dealing with other, equally pressing needs such as rampant official corruption. Talks for a better deal with the banks, he had told bankers before he resigned, could be reopened after the larger debtor nations in Latin America had squeezed better terms from their creditors.

Since his resignation, Mr Ongpin had retreated from the public eye, with friends repeating his disappointment with his treatment. He had been considering returning to business – he was formerly president of Benquet Mining Corp – or going into consultancy.

His death is an indictment of an ugly streak in Philippine society, amply reflected in the press, in which a man's past contributions to the country are quickly forgotten in the heat of the latest factional fight.

In 1984, at a time when it was not only unfashionable but dangerous to oppose President Marcos, Mr Ongpin galvanised middle class and business opposition to the dictator. Although he was not as close to Mrs Aquino after her husband was assassinated in 1983 as Mr Arroyo, his contribution to the downfall of President Marcos was at least equivalent.

He was a member of a "convener" group of three apolitical Filipinos, chosen by opposition groups, who as early as 1984 developed a strategy to defeat Mr Marcos if he called an election. When in November 1985 Mr Marcos did indeed call a "snap" election for February 1986 in order to bolster his decaying regime, Mr Ongpin was foremost in pressing a reluctant Mrs Aquino to stand. He then hastily put a shield of business respectability behind her with a credible economic recovery plan that was acceptable to foreign and local businessmen.

In the last months before his resignation he was an increasingly lonely voice in an otherwise publicity conscious but not very well grounded Cabinet. "He was a forceful advocate of privatisation, free enterprise and respect for national contractual obligations like the national debt while others in the Cabinet wanted a more forceful approach to the debt, less privatisation and a more "nationalist" attitude towards foreign investment – which was a vague concept meaning less of it.

Iran fires Silkworm at Kuwait

By Andrew Gowers, Middle East Editor

IRAN YESTERDAY appeared to signal its displeasure at Kuwait's decision to lend the US Navy a barge for use as a floating base in the northern Gulf by firing a Silkworm missile into Kuwaiti territorial waters.

A statement from the Kuwaiti Defence Ministry said the Chinese-made missile landed in the sea off the emirate's southern coast yesterday morning without causing any damage. However, unofficial reports from elsewhere in the Gulf said the missile hit an unoccupied barge about one mile away from Kuwait's Sea Island offshore oil terminal.

Government officials believe Iran has fired a total of nine Silkworms at Kuwait this year. This was the first such incident since Iran seriously damaged the Sea Island terminal with a missile on October 22.

It seems likely that the missile was intended as a warning shot against Kuwait's increasingly close co-operation with the American naval force patrolling the Gulf. Last week Kuwait said it was lending a barge to the US Navy for use as a floating observation post in international waters in the northern Gulf.

US officials have said the barge would be stationed in Kuwaiti territorial waters, which Kuwaiti ministers denied.

Strike hits Bangladesh as parliament dissolved

BANGLADESH was paralysed by an anti-government strike yesterday after President Hossain Mohammad Ershad dissolved parliament to foster peace talks with the opposition, who have pledged to force his resignation, **Reuter reports from Dhaka.**

Only a few cycle rickshaws and government buses with police escorts operated along the shuttered, silent streets of Dhaka, with most shops, offices, banks and factories closed from 6am to 6pm. The situation was reported the same in the rest of the country.

Railway officials said trains were not running because many drivers did not turn up for work. Only few river ferry services operated.

Police said there was no serious violence during the stoppage, except for some local clashes between rival political groups and the police. Some home-made bombs went off around the capital but no one was reported hurt.

It was the 12th day of stoppages since November 10 when the 21 opposition parties launched a national campaign aimed at forcing the resignation of Mr Ershad.

The protest strike yesterday came only eight hours after President Ershad dissolved the 330-member parliament following a three-hour Cabinet meeting on Sunday night. It is believed that Mr Ershad did not discuss the subject with the Cabinet and that most ministers heard of the decision on a late-night state television broadcast.

Ruling Jatiya Party officials said the President might also replace his 23-member Cabinet with an 18-member council of advisers. They could not say when that would happen, but Thursday is thought likely.

Speculation was rife that Mr Ershad would retain only two or three of his existing ministers in the new council and appoint non-political "technocrats" to run his government.

Black 'homelands' still linchpins of apartheid

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA'S 10 black so-called "homelands" have never had a good press. The decision last week to put another 500,000 black people under such a system and the recent coup in the Transkei amid revelations of widespread corruption have not improved things.

The African National Congress and other domestic and foreign critics call them disparagingly "bantustans" (Pretoria's original term for them, derived from the paternalistic term "bantu", meaning people, which Pretoria used in its official terminology) and revile homeland leaders as "stooges of Pretoria."

It is ANC policy to abolish the four "independent" and six self-governing homelands in which 12.7m black people now live and to recreate a unitary South African state.

Last week it was decided that 500,000 people at Botshabelo, described by civil rights workers as the country's main dumping ground for blacks, will fall under the rule of the tiny, barren homeland of QwaQwa, on the border of Lesotho.

In recent months, however, even those who argue that the homelands, for all their flaws, have given a measure of self-government and prosperity have been embarrassed by a series of highly-publicised incidents. These include violent protests in KwaNdebele against leaders opting for "independence", personal rivalries which almost led to war between the two Xhosa-language homelands of the Ciskei and Transkei earlier this year and rumblings about widespread corruption.

The latter came into the open when Chief George Matanzima, Transkei's Prime Minister, was ousted in a bloodless coup engineered by the Rhodesian-trained Transkei Defence Force. The coup came after a South African-backed official inquiry revealed evidence of large-scale corruption and misappropriation of state funds implicating senior homeland politicians, including the Prime Minister and members of his family.

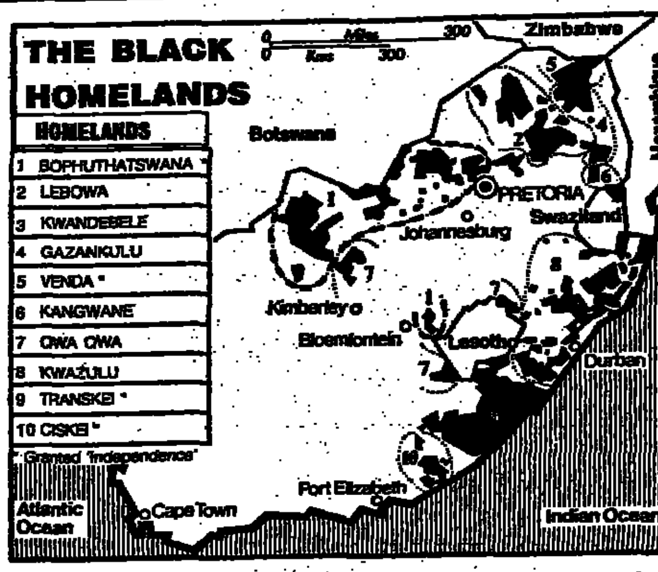
The root of the homelands' image problem lies in the fact that they were, and remain, the lynchpins of the "grand apartheid" strategy mapped out in the 1960s by Dr Hendrik Verwoerd.

An estimated 3m black South Africans were forcibly removed in the 1960s and 1970s and relocated in the various homelands according to their real or presumed tribal affiliations. Often they were dumped with their meagre possessions on bleak hillsides next to a line of hastily-built tin privies. Millions deemed to have acquired homeland citizenship were stripped of their South African citizenship though they may never have lived or even visited their designated homeland.

The homelands remain an integral part of Pretoria's various proposals for future black-white power sharing. But the ruling National Party no longer believes that all South Africa's 25m blacks can be wished away into homelands. Strong black population growth means there are more black South Africans than ever in "white" South Africa and Pretoria has recognised both their permanence and the need to give them political representation at both local and national level.

It has even restored citizenship to thousands of nominal homeland citizens who live and work in South Africa, although its pledge to negotiate a form of dual citizenship with "independent" homeland leaders, which would have restored a form of South African citizenship to all homeland citizens, has run into the sands.

Abolition of the entire homeland system remains the demand not only of the ANC, but also of "moderate" black leaders such as Chief Mangosuthu Buthelezi, the Zulu leader. Even so, after bitterly attacking Transkei's Chief Kaiser Matanzima and Ciskei's Chief Lennox Sebe for accepting "independence" in the 1970s and continuing to reject the ethnic homeland concept, he eventually agreed to become the chief minister of KwaZulu, arguing that he was by birth chief minister of the Zulu people anyway.



His avowed aim was to take advantage of the apartheid structure to destroy apartheid. More than any other homeland leader he has taken advantage of KwaZulu's limited self-governing status to gain practical administrative experience and build a formidable political power base.

The South African Government knows that it if its plans for a national statutory council are to succeed it must include Chief Buthelezi. As an inducement, Pretoria recently accepted the principle of a joint provincial legislature which in effect would lead to the re-incorporation of KwaZulu into a multi-racial Natal province. The main stumbling block remains Chief Buthelezi's insistence that Mr Nelson Mandela and other jailed leaders be released beforehand.

Meanwhile Pretoria continues to pour billions of rand into the homelands to finance education, social security and other development.

Partly as a result of Pretoria's assistance, economic growth in the homelands at more than 4 per cent annually has been much faster than in "white" South Africa in the 1980s. Development has been most impressive in Bophuthatswana, which enjoys a solid revenue from platinum and other mines and tourism.

In spite of the corruption and heavy-handed policing, both Transkei and Ciskei have also shown rapid economic growth, based largely on foreign investment.

UK assailed over HK poll

By Colina MacDougall

MR MARTIN LEE, a member of Hong Kong's Legislative Council and leader of a nine-strong delegation to London, yesterday accused the British administration in Hong Kong of not being brave enough to withstand Chinese pressure to drop the idea of direct elections in the territory next year.

Mr Lee and his group are in London for a four-day visit to lobby the British Government and MPs of all parties on the need to fulfil earlier proposals for these elections. They expect to see Lord Glenarthur, the Foreign Office Minister of State, this morning.

Without direct elections, Mr Lee argued, the Sino-British Joint Declaration on Hong Kong of 1984 would not safeguard the future Hong Kong Special Administrative Region's independence.

Kidnap case sparks row in Argentina

By Tim Coone in Buenos Aires

CONTROVERSY is mounting in Argentina over the release from custody last week of Mr Sanchez Reisse, a military intelligence officer, along with two other suspects who are accused of involvement in kidnappings.

At the weekend, Mr Ricardo Molinas, the state prosecutor for administrative investigations, said he intended to appeal to the federal court over the decision of the judge, Mr Luis Cevasco, to release Mr Reisse on the basis of lack of evidence.

"I was stupified by the news," said Mr Molinas.

Mr Reisse was arrested in Switzerland in 1981, with two other military intelligence agents, when trying to collect a ransom for the kidnapping of a Uruguayan businessman. He was sentenced to almost five years' imprisonment.

He was due to be extradited to Argentina where he faced charges in another kidnap case when he succeeded in fleeing to the US after being given a weekend release from his Swiss prison for good behaviour. He was arrested and extradited to Argentina from the US earlier this year.

Mr Sanchez Reisse was called before the senate commission hearings into the Irangate affair earlier this year, and has been identified as the paymaster of the Argentinian military team which gave training to the Nicaraguan Contras in the early 1980s, before the US Government became openly involved in supporting them.

The controversy comes at the height of investigations into a kidnapping case in Argentina in which another policeman who was being sought for questioning apparently committed suicide at the weekend. A police sergeant who had also been arrested in the case hanged himself in his cell two weeks ago.

Treasurer appointed at World Bank

MR BARBER Conable, World Bank president, has named Mr Donald Roth, of Merrill Lynch capital markets, New York, as a vice- president and treasurer of the agency, World Bank sources said yesterday, **AP-DJ reports from Washington.**

Mr Roth, 45, will succeed Mr Eugene Rotberg, who resigned earlier this year.

Carlucci plans $33bn cut in US defence budget

BY LIONEL BARBER IN WASHINGTON

MR FRANK Carlucci, the US Defence Secretary, has ordered Pentagon officials to prepare cuts of about $33bn from next year's military budget.

The proposed cuts represent a reduction of about 10 per cent on the estimates drawn up by Mr Caspar Weinberger, Mr Carlucci's high-spending predecessor. Mr Weinberger resigned last month, citing his wife's ill-health.

During his six years as US Defence Secretary, Mr Weinberger's budget tactics rarely varied: he would start and end with the same figure, declaring it non-negotiable on national security grounds.

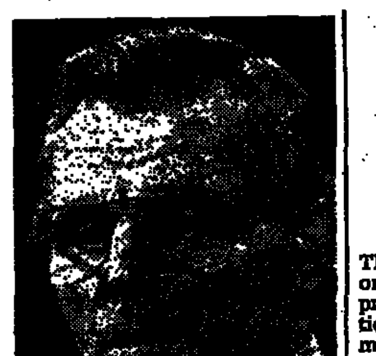
Mr Carlucci appears to have adopted a different strategy, seeking to co-operate with the US Congress on spending reductions by starting out with a lower 1989 military budget of around $290bn (well below Mr Weinberger's projected figure of $323bn).

While the reductions are still in the planning stage, they illustrate the growing political and economic pressures to reduce US military spending in fiscal 1989 – which begins in October 1988.

Mr Carlucci – previously President Ronald Reagan's national security adviser – is by temperament more inclined to co-operate with Congress than his predecessor. Some observers suggest that he is seeking to establish a record of defence austerity that Republicans - notably Vice-President George Bush - could publicise in the presidential election campaign next year.

However, a more important influence appears to be Mr Carlucci's desire to shape the budget himself rather than allow over-ambitious Pentagon plans to be shredded by Congress – either through the automatic cuts mandated by the Gramm-Rudman budget reform law, or through a re-run of the arduous budget summit last month between the White House and Congress.

Some Pentagon officials are already mustering support for a counter-attack, leaking reports that important weapons systems could be jeopardised by the planned cuts.



Carlucci: different strategy

According to an Aviation Week and Space Technology magazine report, two Navy aircraft carriers, additional MX ballistic missiles, the new Midgetman missile for the US air force and the US Army's LHX helicopter are under threat.

● Senate budget chairman Mr Lawton Chiles said he would retire from Congress when his term expired next year, **Reuter reports from Washington.**

The Florida Democrat said he was retiring because he lacked enthusiasm for the job. He said, however, that he planned to remain as budget committee chairman next year before leaving Congress.

He said he expected a Democrat to succeed him.

Moscow scuffle tarnishes Soviet publicity record

BY PATRICK COCKBURN IN WASHINGTON

THE BREAK-UP of a small demonstration in central Moscow protesting against Soviet emigration policy on Sunday has undermined much of the Soviet Union's public relations effort in the run-up to the summit.

By late Sunday, US television channels were all showing Soviet security men, presumably from the KGB, standing in front of the Soviet Foreign Ministry scuffling with reporters and a band of demonstrators.

This is exactly what the Soviet side in Washington did not want to happen.

Inevitably the images of the skirmish have had a greater impact on American public opinion than the experts and specialists which the Soviet Union has sent to Washington to give press conferences and interviews about perestroika and glasnost.

Given the sophistication of present Soviet efforts to influence international public opinion, the fracas in Moscow is surprising.

It is unlikely that the KGB security police were deliberately trying to sabotage Mr Mikhail Gorbachev, the Soviet leader, on the eve of the summit but the failure of the KGB to prevent such an incident at a moment likely to do most damage to the Soviet Union does show extreme official ineptitude.

Soviet public relations have moved far and fast since the first summit between Mr Gorbachev and President Ronald Reagan in Geneva in 1985 when the Soviet Foreign Ministry spokesman neatly shot himself in the foot by demanding that Swiss security remove a single woman protestor from the press conference hall, ensuring her maximum publicity.

By the time of the Reykjavik summit last year the Soviet approach was far more relaxed and sophisticated. The change was probably largely the result of the appointment of Mr Gennadi Gerasimov as Soviet Foreign Ministry spokesman.

In the Saga Hotel in central Reykjavik, state and party officials, intellectuals and writers held daily briefings. When demonstrators made speeches and unfurled banners behind speakers there was no attempt to call the police.

An example of this more relaxed approach came from Mr Fyodor Burlatsky, a leading political commentator, who was quite willing to give a radio interview to Radio Liberty which Moscow normally denounces as a CIA front.

In Washington the same line-up of establishment liberals, all of whom have been closely associated with Mr Gorbachev, is on call but international glasnost has lost something of its freshness.

There are some new faces. Mr Vitaly Korotich, editor of the radical weekly Ogonyok, is present, together with Mr Yegor Yakovlev, editor of Moscow News, the other main radical publication.

But however many interviews they give, the incident outside the Soviet Foreign Ministry is likely to dominate the first American impressions of the summit.

Defence rests case in Deaver trial

DEFENCE lawyers in the perjury trial of Mr Michael K. Deaver rested their case yesterday without calling witnesses after the judge refused to dismiss any of the charges against the former White House aide, AP reports from Washington.

Lead defence attorney Herbert J. Miller Jr. told US District Judge Thomas Penfield Jackson: "Based on the evidence we've heard presented over the past several weeks, we have decided we have no need to put on any defence at all."

The former deputy White House chief of staff is accused of lying when he said he could not recall a series of contacts with former colleagues in the administration of President Ronald Reagan on behalf of lobbying clients.

The defence attorney rested his case after Judge Jackson denied a series of defence motions for directed verdicts of acquittal on all five charges that Mr Deaver lied to a congressional sub-committee and a grand jury about his lobbying activities.

Canute James reports from San Juan on a battle between two US airlines in the Caribbean

Spin-off from 'hub war' is good news for Puerto Rico

TWO US airlines are fighting a "hub war" in the Caribbean which is likely to bring other airlines into the region and has already led to increased passenger traffic through the battle ground - Munoz Marin airport in San Juan, Puerto Rico.

As a result of deregulation in the US airline industry and increasing competition between carriers, Eastern Airlines and American Airlines are battling for routes to the Caribbean, Central America and northern South America and are investing about $100m to construct "hubs" for connecting flights at Munoz Marin.

Mr Antonio Rosario, manager of the airport, says Puerto Rico's geographical location, between the US mainland on the one hand, and the Caribbean and northern South America on the other, provided the ideal place for the hubs.

"It is a perfect location in terms of Miami," adds Miss Virginia Sanchez of Eastern's Latin American department in Miami. "San Juan has all the right resources that we needed to accommodate further growth in the Caribbean to 26 destinations."

Eastern has traditionally had a strong presence in San Juan, but the company's decision to engage in the hub war was stimulated by American Airlines plans to develop its facility. American is completing terminal facilities at a cost of about $50m, which will be able to handle between 1,200 and 2,000 passengers per hour.

The airline plans to more than double the number of its daily flights to San Juan, reaching at least 60 by the middle of next year. Eastern has jumped in with an initial $36m investment to build a 17-gate terminal, using it as a hub for flights to Panama and Colombia, as well as to other Caribbean islands.

The facility, when complete, will handle up to 1,500 passengers an hour. It is being financed by a $44m bond issue through the Ports Authority of Puerto Rico and guaranteed by Eastern. The first phase will be completed by the first half of next year, and the second a year later.

"The development of the hub here is also linked to the economic development of Puerto Rico," explains Mr Rosario. "There has been steady industrial development of the island since the 1940s, and this has brought changes in passenger traffic and airfreight levels."

He adds that San Juan's airport has benefited from the increased competition in the international airline industry, with airlines offering increasingly competitive fares.

"From another point in the Caribbean to New York, it is cheaper for the passenger to make a connection here," Mr Rosario says. "People are channelled through Puerto Rico and the airport has the capacity to handle the volume of traffic."

Eastern's response to American's decision to establish a hub in San Juan was influenced in part by the company's traditional involvement in Puerto Rico. "We have been in San Juan for over 41 years - it is almost like our second home," says Miss Sanchez. "We did not intend to let anyone else take the market from us."

That the hub has brought good business for the airport is shown in the steady increase in the volume of passenger traffic. For the 1986-87 (July to June) fiscal year, Munoz Marin airport handled 6.66m passengers, 1.53m more than the previous year.

Eastern's share jumped to 2.39m passengers, from 1.80m, while American handled 1.99m passengers, 810,000 more than the previous 12 months.

"Indications are that for calendar 1987, the volume of passenger movement will reach 7m," says Mr Rosario.

Passenger traffic destined for, and originating in, Puerto Rico now accounts for marginally more than transit traffic, but the Ports Authority says this will change when the hub becomes fully operational.

Steady growth in Puerto Rican tourism has also contributed to the increase in passenger traffic. Government officials say the link between the airport development and the tourist industry is synergic. Lower fares resulting from airline competition have lured more tourists to the island.

In the 1987 fiscal year, tourist arrivals in Puerto Rico reached 1.87m, 19 per cent more than the previous year, with visitor expenditure growing by 13 per cent to reach $857m.

The hub war has also benefited several commuter airlines which provide connections to other parts of Puerto Rico and the Caribbean - not least, the struggling Leeward Islands Air Transport, owned by the governments of the Caribbean Economic Community, which island-hops through the eastern Caribbean.

The Ports Authority expects that other airlines will soon turn to the Munoz Marin airport to take advantage of the increased passenger traffic. "Airlines like British Airways and Lufthansa which are considering new and increased services to Puerto Rico will be able to take advantage of these hubs in connections to and from the Caribbean and South America," suggests Mr Rosario.

Haiti strike confusion

By Peter Ford in Port-au-Prince

A GENERAL strike call by Haitian opposition leaders met with mixed success yesterday amid confusion over the goals of the stoppage.

Port-au-Prince factories worked at only 40 per cent capacity, union leaders and businessmen said, while many of the capital's buses stayed off the streets.

The strike was called by four centrist candidates in presidential elections that were aborted on November 29. Haiti's leading trade union confederation also backs the strike, but its effectiveness seemed to have been impaired by widespread fear of Tom-Tom Macoutes, armed supporters of former President "Baby Doc" Duvalier.

Some political leaders are demanding reinstatement of the electoral council which Gen Henri Namphy, the Junta leader, dissolved a week ago.

WORLD TRADE NEWS

Maggie Ford and David Thomas on the cautious strategy of a new wave of manufacturing investors

South Korean conglomerates lift profile in Europe

THE SPEED with which Goldstar, the large South Korean group, launched its products into the British consumer electronics market this autumn must be a record, according to Mr Keith Harrison, the company's UK marketing director.

It took just five weeks to gut and prepare a warehouse in Slough ready for the launch. Nerves frayed a little when the fork-lift trucks arrived with only one and a half days to spare and when British Telecom took seven weeks to connect the switchboard, but other than that all went well.

Mr Harrison is a veteran of helping foreign companies find their feet in Britain. "I started Fisher in the UK five years ago – but that was more orderly. I've never moved as fast as this," he says.

Goldstar's decision to launch products such as televisions, video recorders and microwave ovens in the UK under its own name – it has been selling them in Britain under other brand names for about four years – is just one sign among many that South Korean conglomerates are taking more interest in Europe.

In the past two weeks alone, Daewoo has announced plans for a microwave factory in France and Goldstar has opened the first South Korean plant in West Germany, a facility near Frankfurt. It will churn out 300,000 colour televisions and 400,000 video recorders a year, making it larger than any Japanese factory producing the same products in West Germany, according to the company.

Simultaneously, Goldstar said it was at the early stages of considering a factory for the UK. No decisions have been made about the site or the products to be made, although microwave ovens, video-tapes and small screen televisions appear the most likely. Unusually, Goldstar has also considered a joint venture with a British company, though it has not yet held detailed discussions with any.

Goldstar's moves round off a year which has seen other South Korean groups taking a higher profile. Saehan Media has announced the biggest South Korean investment in Europe to date with its plans to open an I£60m (£54m) video-tape factory in the west of Ireland. Samsung followed its construction of a consumer electronics plant in Billingham, Teeside, with a drive to boost its component sales in Europe and a hint that it might build a semiconductor facility.

Last year Seoul officials arrived with a list of 200 items they wished to import from Europe

This wave of South Korean investment looks like a challenge to the Japanese at their own game. With low labour costs, South Korean goods are generally at the cheaper end of the market, undercutting the Japanese.

However, the South Koreans are anxious to show they have learned the lessons of the Japanese presence in Europe. At the opening of Goldstar's German plant, Mr Keun Sun Choi, president of the company's consumer electronics subsidiary, set out to allay fears that the plant would be an assembly-only operation designed to flood Europe with low-cost, low-quality goods.

"Instead of just increasing volume, we would like to improve the high-quality and high-price end," Mr Choi said.

South Korea is wary of putting all its eggs in one basket. Faced with a trade surplus with the US this year of about $10bn (£5.6bn) and a trade deficit with Japan of about $4bn, its approach to the new market in Europe has been different.

European governments were surprised last year when a delegation of Seoul officials arrived at trade ministries in various capitals with a list of more than 200 items that they wished to import from European companies.

Their aim was two-fold. First to diversify imports away from Japan and second to produce a better balance in its trade with Europe, to try to head off the kind of protectionist pressures growing so strongly in the US.

Allied to this strategy was the opening of plants in Europe. Faster off the mark than the Japanese in this area – Goldstar opened a sales office in West Germany only in 1980 – South Korean companies have resolved to try to learn from Tokyo's experience and avoid acquiring the reputation of being greedy exporters.

Events have pushed the strategy along faster than planned. Complaints from the US earlier this year forced Seoul to open its markets and reduce tariffs faster than it intended, a move which benefited Japanese importers the most. Imports from EC countries rose 53 per cent in the first eight months of the year, however.

Efforts to placate the US in other areas have aroused howls of rage from the European Community about unfair treatment, in particular over intellectual property rights. Talks on that issue made progress last month and there may well be an agreement after the presidential election this month.

The opening of the plants is likely to stimulate renewed calls from European businessmen for reciprocal treatment on foreign investment in South Korea, which remains restricted. Demands for changes to numerous petty rules discriminating against foreign businesses will also continue.

Seoul appears to have reacted quickly to pressure from Europe over its rising exports. An investigation earlier this year into alleged dumping of video recorders was swiftly followed by voluntary self-restraint by the exporting companies.

An EC proposal to impose duties on products made at assembly or "screwdriver" plants of the kind the South Koreans are setting up appears so far to have affected only Japanese companies.

However, it is early days for Goldstar, Samsung and their colleagues. Care will still be needed to make sure that the strategy is maintained and the country's reputation as a fair trader in Europe is enhanced.

Taiwan embarrassed by its record surplus

FURTHER evidence of the failure of currency appreciation to dent Taiwan's trade performance came yesterday with an official announcement that the surplus reached a record $17.8bn in the first 11 months compared with $14.2bn in the same period of last year, writes Peter Montagnon, World Trade Editor.

Officials in Taipei said the surplus had produced a new surge in the country's foreign exchange reserves which had reached $73.5bn and are expected to top $75bn this year, an increase of more than $30bn in 1987 alone.

One factor behind the continuing surge in exports is an expectation among foreign buyers of further currency appreciation which would make locally-produced goods more expensive. The NT dollar yesterday rose a further two NT cents to NT$29.30 per unit of US currency.

The latest trade figures come as an embarrassment to the government which had been hoping for currency appreciation to bite by now with the unwinding of exchange market hedging operations by exporters earlier this year.

Worried by signs that countries such as Taiwan are moving to fill the gap left by declining Japanese exports to the US, Washington has recently begun to revive pressure for the NT dollar to be floated upwards.

US and Canada define text for trade accord

BY DAVID OWEN IN TORONTO

US AND CANADIAN negotiators in Ottawa reached agreement on a definitive legal text for the bilateral trade deal between the two countries after an intensive weekend of talks which ended yesterday.


Mr Brian Mulroney

The two sides had been struggling since October 4 to translate a preliminary transcript initialled in Washington into legal terms – an undertaking which was originally expected to have been completed by the end of October.

The task has been complicated by efforts made by both sides to use the process as a pretext for renegotiating those sections of the preliminary transcript which have generated domestic opposition.

The slow progress prompted the inclusion in the final session of talks of Mr Derek Burney, chief of staff to Canadian Prime Minister Mr Brian Mulroney, and Mr Peter McPherson, the US deputy treasury secretary.

For the moment, no details of substantive changes to the preliminary document have been released. Mr Simon Reisman, Canadian chief negotiator, would say only that the final text is "fully consistent" with the October 4 agreement.

Strong pressure is believed to have been put on the US by the powerful maritime shipping lobby to remove a transportation provision from the section of the agreement dealing with services.

While the pact accepts the restrictions outlined in the Jones Act to the effect that all cargo shipped between US ports must be carried in US vessels, it also states that Canadian ships must be treated as favourably as US vessels in any future changes to maritime legislation.

Substantive changes are also thought to be possible in the sections of the agreement which deal with automotive trade, the dispute settlement mechanism and wines and spirits.

For example, a provision stating that carmakers must have 50 per cent North American content in their vehicles to obtain duty-free shipment across the border after 1998 may, it is believed, be amended to 60 per cent.

The final text of the agreement, which still faces political hurdles in both countries before its scheduled January 1, 1989, effective date, will be submitted to President Reagan and Mr Mulroney for their signatures on January 2.

Legal move to close EC music trade loophole

BY DAVID THOMAS

THE MUSIC industry is to bring a test case in the UK courts to try to close what it regards as an important legal loophole governing trade in recorded music throughout the European Community.

The British Phonographic Industry (BPI), the UK music industry trade association, and the IFPI, its international counterpart, are seeking a ruling to prevent the exploitation of relatively weak copyright laws in some EC countries.

A writ has been issued trying to stop a number of companies and individuals exporting records from the Netherlands, where the copyright on the recordings has expired, to the UK where the copyright is still in force.

The particular case concerns Elvis Presley records and is being brought in the name of BMG Music, the West German music group which owns the copyright.

The music industry is also worried that this loophole arises in West Germany, where copyright protection applies to a record for 20 years after it is issued, compared with 50 years in the UK.

It fears that unless the loophole is closed, then the UK will be flooded with valuable repertoire from the 1960s produced in countries where the copyright has expired.

The industry wants the UK courts to rule that EC law on the free flow of goods does not apply in this instance.

Mr Patrick Isherwood, BPI legal adviser, said: "If our contention on the law is wrong, a very profitable area of business could open up for third parties with no commitment to the record industry."

The trade associations expect that the point of law at issue will eventually be tested in the European Court.

Sony-Ford deal to bring DATs into US market

BY CARLA RAPOPORT IN TOKYO

DIGITAL audio tape (DAT), the controversial Japanese audio product, is about to enter the US market following a deal between Sony and Ford, the US car maker.

Sony will supply DAT players to Ford which will offer them as optional equipment for its 1988 Lincoln Continental, though not under the Sony label.

DAT recorders have yet to be launched in most Western markets because of the international controversy over their ability to make perfect copies of copyrighted music. The world music industry has claimed that if unchecked, DAT would kill off the recording industry.

Sony, however, has been making progress towards a settlement of the issue. Its purchase of CBS Records, which will be completed by the end of January, gives it a powerful position in the music business. It is expected to use this to persuade the music industry to back DAT. It is also working on other potential outlets for DAT.

There are as yet no tapes that can be used on a DAT player in the US. It is believed that Sony has convinced Ford that there will be pre-recorded DAT cassettes available for Ford owners by next year.

The Japanese company declined to comment, saying only that it still has "no plans" for launching DAT under the Sony brand in the US market.

Sony will have to move carefully because the US Congress has already agreed to study the issue in the light of the copyright protection argument.

Sony did say yesterday, however, that it planned to launch DAT recorders in France by the end of this month. France will be the second market for the machines, following their introduction in West Germany last month. The company says sales of DAT in West Germany are going slightly better than expected, but declined to give any figures.

Soviet Union 'lags with Finnish ship payments'

BY OLLI VIRTANEN IN HELSINKI

THE Soviet Union has this year been consistently behind with payments for Finnish vessels, according to shipping industry officials in Finland.

This is the first time Moscow has failed to pay on time under the schedule in the trade agreement between the two countries.

As a result, Finnish shipbuilding companies, most notably Wartsila Marine and Rauma-Repola, have suffered interest losses amounting to tens of millions of markkas.

According to Finnish shipbuilding industry officials, the Soviet payments have arrived several months late this year, usually following several notices.

The two companies are reluctant to specify the delays incurred but they acknowledge the unprecedented problems. Finnish yards cannot claim compensation since the trade agreement does not include clauses for payment delays.

According to the five-year trade pact for 1986-1990, the Soviet Union has agreed to buy vessels worth the equivalent of $4.5bn-$5.2bn from Finland.

Finland's shipbuilding industry would be happy to reach even the lower figure, given the country's persistent trade surplus with the Soviet Union.

The vessels are ordered by V/O Sudoimport, the Soviet foreign trade association, and Finnish observers estimate that Sudoimport is constantly short of cash as result of a re-organisation of the Soviet foreign payments system.

The Soviet Union has officially proposed to defer ship payments worth FM700m ($97m) from this year to 1988 to help alleviate the trade imbalance. Finnish yards are prepared to accept alternative forms of finance providing the Soviet Union compensates for the interest payments.


ATA Univas
Wherever it is, we'll find it.
OIL. Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come.
But, it is necessary to be prepared to wrestle this treasure from the earth's most secret strongholds, using the latest continuously evolving technology, and to venture into hostile, inaccessible places.
Agip, Italy's national oil company, took up this challenge sixty years ago, probing into the origins of the earth, experimenting with new techniques, and devoting to these activities human and economic resources that are always up to the difficulties to be overcome.
Wherever the possibilities of finding oil exist, Agip is present with its spirit of initiative and decades of experience. The results achieved, alone or in cooperation with leading oil companies, in 30 countries, on 5 continents, make Agip a reliable operator in any oil activity.
Even where no-one has ever reached.
Agip
Eni Group.
Deep thinking. Top results.

APPOINTMENTS

Chairman of BOCM Silcock

Mr Mike Cowan is to become chairman of BOCM SILCOCK. He succeeds **Mr Allan Price**, who takes over as chairman of Birds Eye Walls in April next year. Mr Cowan was chairman of the Crosfields Group. Both have been with Unilever for about 30 years.

★

WCRS DIRECT has appointed **Mr Lawrence Anderson** as managing director. He replaces **Mrs Cheryl Koenig** who is leaving to join her husband in Germany. He was managing director of PHM Integrated Direct Marketing.

★

TREND DATALINK, part of the Trend group, has appointed **Mr Arthur Fisher** as managing director. He joins from ITL where he was regional manager,and takes over from **Mr Dick Baines** who moves to a twin post of group business development manager and managing director of Trend's newly-formed Dataspeed Company.

★

TMM MEXICAN LINE has appointed **Mr Mario Ronzon** as senior European representative, based in London. He was the Line's representative in California. He is replacing **Mr Julio Maza** who is returning to Mexico.

★

Mr Stevan Breeze has been appointed to the board of POLLY PECK INTERNATIONAL with responsibilties in the consumers electronics division. He was managing director of Tefal (U.K.). **Miss Nicola Pearse** has been appointed company secretary of Polly Peck International and all its UK subsidiaries. She was corporate finance manager.

★

Mr Denys Gladwyn-Davies, formerly a main board director of Pilkington, has been appointed to the board of EFCO as a non-executive director.

★

Ms Denise Bennett, managing director of Templestock, has been elected vice-president of BEITA - the first woman to be accorded this honour.

★

Mr Cecil Law, chairman of Towry Law, and **Mr Alan Wesley**, a director of Towry Law, have joined the board of CROSS & BEVINGTONS, a new subsidiary company.

★

Mr Christopher J. Martin is the new chief executive of the TIPTON AND COSELEY BUILDING SOCIETY. He succeeds **Mr Stuart J. Eaton** who has retired.

★

At ANCIENNE MUTUELLE REASSURANCE **Mr K.W.Haddon**, previously general manager of NRG London Reinsurance, has been appointed chief executive of the UK branch office in overall charge of its London operations. He will remain chairman of The Policy Signing and Accounting Centre.

★

PHH, Swindon, a vehicle fleet management company, has made three promotions. **Mr Chris Cole** becomes business development director from general manager - business development; **Mr David Knight**, general manager - client services, is made client services director; **Mr Jeff Skinner** becomes sales director, having been general manager - sales.

★

BRITISH & COMMONWEALTH HOLDINGS has appointed **Mr Bruce Ursell** to the board. He is deputy chairman and chief executive of British & Commonwealth Merchant.

★

The J.M.JONES CONSTRUCTION GROUP, Maidenhead, has appointed **Mr Malcolm Flews** as managing director of the design and build division. He was a divisional director with Bovis Construction. **Mr J. Martin Dunham** becomes director of technical services. **Mr Ian Richards** has been made group construction director.

★

Mr Albert Becking has been elected chairman of the BRITISH PUMP MANUFACTURERS' ASSOCIATION. He is managing director of the Worthington Simpson division of Dresser (UK).

★

HERTZ LEASING has promoted three executives from manager to director. **Mr Geoff Gwen** becomes operations director; **Mr John Phillips** is appointed finance director; **Ms Marcia Smythe** is made sales director.

★

Mr Rex M. Fleet, chairman and managing director of NCR, has been appointed a non-executive director of KRUG INTERNATIONAL (UK), a wholly-owned subsidiary of Krug International Corp., Dayton, Ohio, US.

Balfour Beatty senior posts

BALFOUR BEATTY has promoted the following executive directors to managing directors: **Mr Neil Ashley**, Balfour Beatty Construction International; **Mr David W. Cawthra**, Balfour Beatty Construction; **Mr. Ian Carroll**, Balfour Beatty Power. All are main board directors.

★

Mr Brian Crack has become managing director of MERRICKS SICO. He was previously joint managing director.

★

Mr Michael Walker has been appointed finance director of THORN ERICSSON TELECOMMUNICATIONS. He joins from British Telecom, where he was finance controller of its international division. **Mr John Miller** becomes managing director, public systems. He was executive director of Otis Elevators.

★

Dr Peter Freedman has been appointed medical director on the board of CANTAB - Cambridge Applied Nutrition Toxicology and Biosciences.

★

TIP EUROPE has appointed **Mr Chris Jepson** as its development director. He was national sales and marketing manager at Transfleet Services.

★

Mr Tony Prentice has been appointed finance director WELDWORK CARGO SYSTEMS, a member of the Metenwood Group. He was previously finance director of Pritchard Janitorial Supplies.

★

Mr Alastair Hunter Smart has joined the partnerhsip of CAWOOD, SMITHIE & CO., stockbrokers.

★

ALBA has appointed **Mr Andrew Rose** to the board as finance director. He was group chief accountant, Harvard International, a subsidiary of Alba, which has appointed **Miss Kim Barton** to the board as buying director for the giftware division. She was senior buyer at Underwoods.

★

The MARINA DEVELOPMENT GROUP has appointed **Mr Philip Mason** as its operations director. He was formerly a director of Haven Leisure, a suidiary of the Rank Organisation.

★

Mr John Simmonds has become executive chairman of LOHJA UK. He joins from the Telmar Group Inc where he was managing director of its UK operations.

★

S.LYLES has appointed **Mr David Watson** assistant managing director of its wholly-owned subsidiary S.Lyles Sons & Co in addition to his present role as sales director.

★

Mr Kevin Walsh has been appointed managing director of TRICITY DOMESTIC APPLIANCES, part of the Electrolux Group. He succeeds **Mr John Cawthorne** who has assumed full-time direct control of Electrolux's gas appliance company, Parkinson Cowan, in his capacity as its executive chairman. Previous Parkinson Cowan managing director **Mr David Cropper** has been seconded to the Electrolux Group to undertake special duties.

★

At GENERAL HYBRID **Mr Ernest F. Potter**, former finance director at Cable and Wireless, has become a non-executive director.

★

SANDERSON MURRAY and ELDER has appointed **Mr E.K.Macaulay** a non-executive director. He is managing director of Anglo Felt Industries and chairman of Halifax Courier (Holdings).

★

CHLORIDE has appointed **Mr Brian Hayward** as its director of information technology. He was director, management information services with Systems Designers.

★

Mr Patrick Mervyn Doyne Vigors has joined the board of ANGLO AMERICAN AGRICULTURE as finance director. He was with Peat Marwick Mitchell.

★

SAINT HOTELS has elected **Mr Nazim Manji** as its managing director.

British Gas treasurer

Mr Arthur Burgess has been appointed treasurer at BRITISH GAS headquarters. In the corporate finance department, **Mr David Chellingsworth**, assistant director, finance, will continue to be responsible for industry accounting, and financial planning and appraisal, while Mr Burgess manages the treasury and taxation departments.

★

JOHNSEN & JORGENSEN PLASTICS has restructured its board. Led by managing director **Mr Keith Jackson**, the board now comprises: **Mr Eddie Box** (commercial director), **Ms Barbara Cresswell** (business development manager), **Mr Denbigh Hamilton Harding** (sales director), **Mr Harvey Neale** (technical director) and **Mr Jim Sorrie** (production director).

★

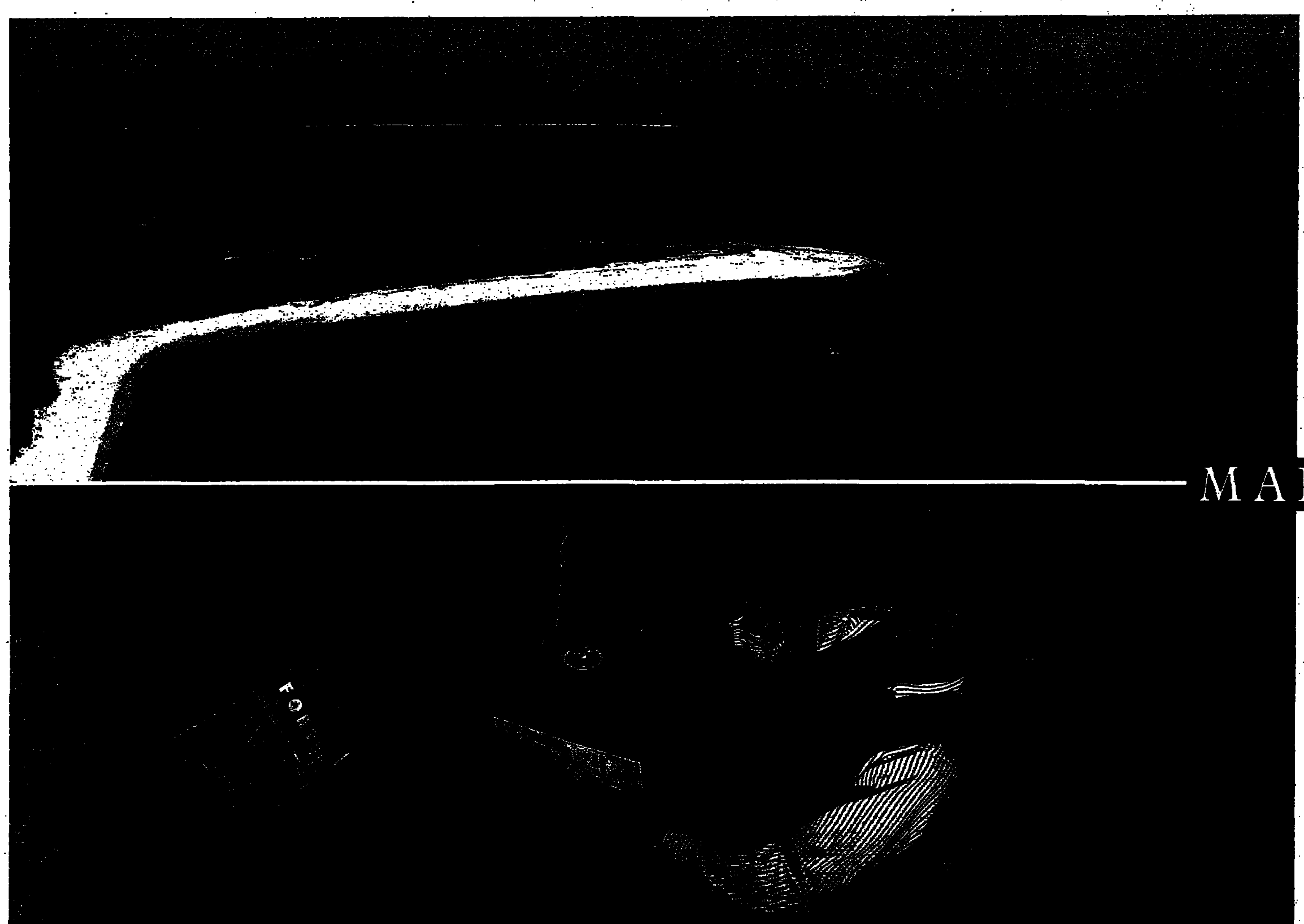
Mr James Smillie, chairman and chief executive of Stratstone, has been appointed a non-executive director of GREAT SOUTHERN GROUP.

★

Williams Holdings has appointed **Mr John Newens** as managing director of POLYCELL PRODUCTS. He was director and general manager.

★

Mr Michael Coyne, has been appointed finance director of DAVIES & METCALFE, Stockport. He joins from Adamson Modular Systems, a subsidiary of Tiphook.



Consumer credit growth slower but still buoyant

BY SIMON HOLBERTON

THE GROWTH in consumer credit moderated in October but the underlying trend remained buoyant, according to figures released yesterday by the Department of Trade and Industry.

Consumer credit provided by retailers, bank credit cards and finance companies rose by a seasonally adjusted £2.9bn in October, compared with a record increase of £3.2bn in September.

The DTI said that total outstanding debt, which takes into account repayments, rose by £412m and amounted to £22.3bn at the end of October. This represents a 17 per cent increase in outstanding debt since the beginning of this year.

During the three months to October, which gives a better picture of underlying trends in consumer credit, total new borrowing rose by 6 per cent compared with the previous three month period.

If consumers have been affected by the fall in share prices since mid-October it ought to be apparent in a reduction in demand for credit. The effect on consumers of a share price collapse, known as the "wealth effect," suggests that consumers spend less and save more because they feel less wealthy than they were before the crash.

It is too early to say whether October's figures support this or not, but recent business surveys and comments by leading retailers suggest that the outlook for retail sales and hence credit may not be particularly strong in the Christmas period.

In separate figures released yesterday the DTI confirmed a strong growth in retail sales during October. The department said its seasonally adjusted index of the volume of retail sales rose by 0.9 per cent from September to October. The revised volume index for October was 138.0 (1980=100).

Japanese to set up electronic components plant on Tyneside

BY DAVID THOMAS

MITSUMI ELECTRIC announced yesterday that it will open a factory making electronic components in north-east England.

It is the latest in a spate of Japanese components companies to have announced recently they were setting up manufacturing operations in Europe.

The move by the Japanese to make more components in Europe was expected following European Commission anti-dumping actions aimed at increasing the amount of locally-made components used in Japanese goods

Mitsumi, which has a worldwide turnover of more than £430m, is investing £2.55m initially in a plant in South Tyneside, Tyne and Wear. The factory's products will include modulators and tuners for video tape recorders and colour television sets, and coils, transformers and power supply units for the general consumer electronics industry.

The plant, which is the company's first manufacturing operation in the EC, will start operations early next year with a workforce of 300 workers, increasing to 400 by the third year.

The Northern Development Company (NDC), which acts as the inward investment agency for the north-east, negotiated the move with Mitsumi. The company also considered several alternative sites in Britain and on the Continent.

Mitsumi's arrival will bring the number of Japanese companies located in the north to 20, including trading houses,

• Dr John Bridge, 45, is to be the new chief executive of the Northern Development Company at a salary of £45,000 a year. Dr Bridge, who joins NDC from Yorkshire and Humberside Development Association, succeeds Mr Martin Easteal, who resigned earlier this year.

French telecoms office for London

By Terry Dodsworth, Industrial Editor

FRANCE Cables et Radio (FCR), a subsidiary of the Direction Generale des Telecommunications, the French telephone network operator, is setting up an office in London to work in the *fast-expanding field of* private telecommunications networks.

The move reflects the importance of London both as a hub for international telecommunications and as a centre for multinational company headquarters.

Mr Jean-Luc Vacher, head of the UK operation, said yesterday that many of the French group's US clients used London as the headquarters of their European activities.

In addition, several French industrial companies and banks had a strong presence in London, he said.

FCR recently launched a strategy to increase its international presence by *establishing local subsidiaries* to serve both domestic and international customers.

Following the opening of the London bureau, a further office is planned for the US early next year.

Private telecommunications networks are common in large companies, which hire telephone lines from the network operators and use them to transmit voice, data and video messages.

A number of independent companies are active in the market, providing expertise as well as equipment to the users. FCR said it planned to work with one of these independent groups, Integrated Processing and Communications.

Paint makers brush up their rationalisation strategies

Christopher Parkes on Hoechst's sale of Berger to Williams Holdings

TWO DISTINCT and parallel rationalisation strategies emerged in the paint industry yesterday with the announcement that Hoechst of West Germany was to sell its Berger, Jenson and Nicholson subsidiary to Williams Holdings.

Hoechst, one of the world's biggest chemical companies, is pulling out of the world decorative-paints trade and Williams, a newcomer, is pushing its way in.

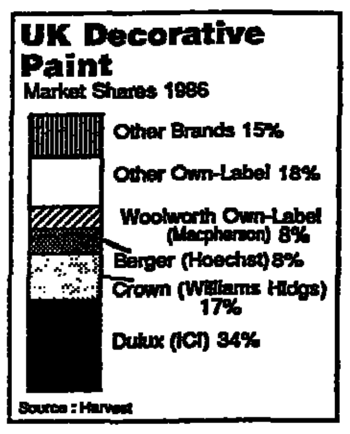
For the German corporation, the sale signals a shift in focus to high-value-added, high-performance, sophisticated industrial coatings with a global market. Mr Arno Baltzer, chairman of Hoechst UK, said two subsidiaries in Austria and Italy were *all that remained of the group's* low-tech decorative paint business. They, too, would be sold.

But while Hoechst has been selling with one hand, it has been buying with the other. About a year ago, for example, it bought Renault's automotive *paints interests in France and* at the same time took over industrial paint specialist Ault & Wiborg of the UK.

This acquisition, together with British Industrial Coatings, stays within Hoechst's fold. "Now we can concentrate on our core business," Mr Baltzer said. "Decorative paint does not fit our strategy. It's a question of economies of scale."

A poor third position in the UK decorative market and assorted interests around the Commonwealth might be of little *interest to a multinational on* Hoechst's scale, but this suits Williams's strategy nicely.

Mr Nigel Rudd, chairman, said the deal increased the group's emphasis on manufacture and marketing of branded building and consumer products. With *Brolac and Magicote paints* and Cuprinol wood preservatives in its UK portfolio, added to the Crown name bought from Reed International in June, Williams has jumped from nowhere to a strong number two in the UK decorative paint business, dogging ICI's Dulux brand.



Before the Crown purchase, its best-known brands in Britain included Rawlplug fixing products and Swish curtain tracks and blinds. It also had, and will retain, a 20.8 per cent interest in A.G. Stanley, the *fifth largest do-it-yourself retailer in the UK.*

Its overseas interests - the Crown acquisition established it in paint in the west of the US and Europe with the Polycell range - are also bolstered by the addition of Berger subsidiaries in Australia, Portugal and Africa.

Mr Brian McGowan, chief executive of Williams, was reluctant to detail plans for the latest buy, but some redundancies seem unavoidable. "There is enormous scope for rationalisation in the UK," he said. He also has to deal with difficulties in *Australia,* where Berger operations lost £10m last year.

Overcapacity is one of the main difficulties in the decorative paint business. Berger's most up-to-date plant at Darwen, Lancashire (it has others in Northumberland and Bristol), was working single shifts, Mr McGowan pointed out.

He will act quickly, promising rationalisation of the whole acquisition within six months. On recent experience, he can be expected to keep to schedule. Williams has already closed two Polycell factories in West Germany and Austria, which were working at half capacity.

The first step in the UK has already been taken with the appointment of Mr Paul Lever as head of *a new paints division.* Mr Lever, managing director of Crown since before the takeover, will co-ordinate the efforts of the expanded business, which will account for 49 per cent of Williams Holdings' sales and 40 per cent of profits.

He will also turn his attention to reviving the Berger brands. Many, Mr McGowan admitted, had been living on their past achievements for 20 years. Berger Magicote, for example, was "rather faded" although Brolac was still relatively strong in the *south of the country.*

Williams has a useful distribution link through Stanley's Fads and Decor 8 outlets,and the 200-odd Crown and Berger trade centres for professional decorators, but Mr McGowan felt it unlikely that the group would want *to* make any *further* inroads *into* retailing. He also hinted at further acquisitions in other areas

Overcapacity in the UK market will not be corrected by Williams closing a factory or two. The group's market share, put by Mr McGowan at a modest *23 per cent, will probably lead to difficulties* with the Monopolies and Mergers Commission for any further takeovers and rationalisation.

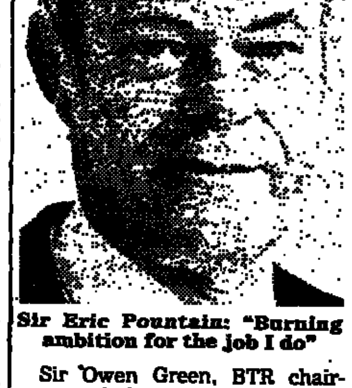
Then there is ICI, the biggest paint maker in the world. Hoechst and others are taking *the specialist route* because their decorative paint production lacked the critical mass and market penetration to suit boardroom demands. But ICI has breadth and depth in international markets, and, especially at home, the Dulux dog can be relied *on to* bite.

Tarmac chief wins business award

By Ralph Atkins

SIR ERIC POUNTAIN, chairman and chief executive of Tarmac, the construction group, was yesterday named 1987 Businessman of the Year.

The selection panel, including industrial and commercial leaders, said Sir Eric was chosen for his personal leadership skills, entrepreneurship and business track record.



Sir Eric Pountain: "Burning ambition for the job I do"

Sir Owen Green, BTR chairman and chairman of the panel, described Tarmac as "a model of consistent economic growth and the largest, most successful *construction company in the UK."*

The award, sponsored by J.O. Hambro, was presented at a lunch at the Savoy Hotel, London, addressed by Mr Kenneth Clarke, Industry Minister.

Sir Eric, 54, has worked for Tarmac since 1974 and has been chairman since 1983. *Last year* he was paid £182,000. Under him the group has grown strongly and expanded in the US.

Yesterday Sir Eric said many challenges lay ahead at Tarmac and he had no desire to move on. "My burning ambition is for the job I do," he said.

Zeebrugge captain appeals

CAPTAIN David Lewry, master of the ferry Herald of Free Enterprise, which capsized off Zeebrugge in March with the loss of 188 passengers and crew, claimed in the High Court in London yesterday that the disaster inquiry should not have found him guilty of serious negligence.

Captain Lewry asked two judges to reverse the inquiry's decision to suspend his master's certificate of competency for a year.

The inquiry, chaired by Admiralty Judge Mr Justice Sheen, ruled in July that the immediate cause of the tragedy was serious negligence by Captain Lewry and his chief officer, Mr *Leslie* Sabel, and by the assistant bosun, *Mr Marc Stanley, who* failed to close the ferry's bow doors.

Sears names chief executive

MR MICHAEL PICKARD is to take over from Mr Geoffrey Maitland Smith as chief executive of Sears, the retail conglomerate, at the beginning of its financial year on February 1 1988.

Sears has been the subject of bid speculation since one of Mr Robert Holmes a Court's companies, J N Taylor, built up an 8.4 per cent stake. Since the stock market fall that threat has receded.

Mr Pickard, aged 55 and currently deputy chief executive, joined Sears in September last year from Imperial Group, where he had been deputy chief executive and chairman of the brewing and leisure side.

Mr Maitland Smith will remain chairman of Sears.

Co-op agrees to funeral sell-off

THE CO-OPERATIVE Wholesale Society has agreed to sell certain *of the Scottish funeral* businesses it bought from House of Fraser by October 21 next year.

The agreement, as well as one to supply coffins on a normal commercial basis to any undertaker, was required by the Monopolies and Mergers Com*mission when it ruled that the* takeover was against the public interest.

Spycatcher ban judgment delayed

MR JUSTICE SCOTT yesterday reserved judgment on the Government's High Court plea for a permanent ban on press reporting of the contents of Spycatcher, the memoirs of retired MI5 officer Peter Wright. The judge's *decision* on the ban is not expected for at least a week.

Dunfermline link

SCOTLAND'S biggest building society, Dunfermline, has decided to become an appointed representative of Scottish Life Assurance, one of Britain's leading mutual life offices.

Marler chairman to buy QPR football club

BY PHILIP COGGAN

MARLER ESTATES, the property company which became an object of loathing for west London soccer supporters earlier this year, is selling Queen's Park Rangers football club.

However, the purchaser, enigmatically named Chaseglade, is not entirely unconnected with the property group. Chaseglade is a new company especially established by Mr David Bulstrode, Marler's chairman, to run the first division club.

Marler will receive £7.5m for QPR, a £1.5m profit on the price it paid in February. Around £6m will be paid in cash, with Mr Bulstrode putting up £1m, other investors a further £2m and the balance set to come through a share issue among the club's supporters. Marler will take £1.5m worth of shares, leaving it with a 20 per cent stake.

Mr Bulstrode will pay a £290,000 deposit, which he will lose if the fund-raising exercise is not completed before March 1989, and he has also guaranteed any trading losses in that period. QPR lost only £22 last year.

QPR's plastic pitch is due to be dug up next summer and replaced by turf. Mr Bulstrode hopes to increase profits using the ground for other events, such as boxing and pop concerts, and is considering a retractable roof.

The purchase of QPR, and *Marler's plans to merge it with* neighbouring club Fulham provoked storms of protest in the spring. Marler wanted to develop Fulham's ground.

That plan was staved off by opposition from football's establishment and the local council.

Shipping contribution to invisibles rises sharply

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

BRITISH-OWNED ships contributed almost £1bn to the invisible account of the UK balance of trade last year, the General Council of British Shipping said yesterday.

This was an increase of about £250m on 1985, in spite of a substantial fall in the number and tonnage of British-registered ships.

The council, which represents 110 shipping companies, calculated total receipts from abroad – including freight payments, passenger revenue and charter fees – at £1,946m.

This compares with disbursements abroad – mostly fuel costs, canal dues and port expenses – of £967bn.

The figures will provide renewed ammunition for the council in its campaign for fiscal and other help from the Government to reverse the decline of the UK-registered fleet.

Only 400 ships of 6m tonnes deadweight are both owned and registered in the UK, compared with 1,614 ships in 1975, when the fleet reached its peak.

The council plans to approach the Chancellor shortly with proposals for the reintroduction of investment allowances, principally through roll-over relief.

Mr Paul Channon, Transport Secretary, indicated last week that the Government had little intention of offering fiscal help to the industry so long as reserve defence requirements could be met.

Lawyers call Legal Aid Bill unimaginative

FINANCIAL TIMES REPORTER

THE Law Society yesterday called the Government's Legal Aid Bill, which if enacted would shake up the existing legal aid system, an unimaginative and cost-cutting exercise.

The comment came at a press conference called by the Law Society and Bar Council, at the start of a campaign called "There's no justice without Legal Aid," aimed at amending the bill.

Mr Henry Hodge, chairman of the society's legal services committee, said: "We see it as an unimaginative, cost-cutting exercise. We feel there is no justice without legal aid. The legal aid system is something which needs to be protected. This bill threatens it and it's something we are very concerned about."

The bill proposes the dismantling of the Green Form Advice Scheme. Under this, many people obtain free legal advice. Financial contributions would be tied to a case's length instead of to an applicant's ability to pay.

The bill proposes to limit payment for lawyers' work. The society says this would risk creating a second-class service with queues waiting to see a few harassed legal advisers but unable to find out about rights or obligations.

The society will distribute a four-page leaflet to lawyers, advice centres, MPs and others, emphasising the importance of legal aid.

The society said: "Too many people are unaware of legal aid or its importance until they need it, perhaps following an accident or if they are faced with a housing problem or a divorce. We believe that, like the Health Service, legal aid is essential and must be there when people need it."

Insurance group plans corporate restructuring

BY OUR FINANCIAL STAFF

GUARDIAN Royal Exchange, the *composite insurer, is* reorganising the corporate structure of its UK operations to separate its non-life insurance activities from its investment management side.

From the new year, a wholly-owned subsidiary called GRE (UK) will handle the group's UK non-life business, which has annual premiums of more than £600m.

The group is forming another two companies, GRE Asset Management and GRE Properties. The former will manage investment portfolios for GRE and its clients, the latter will manage the group's property portfolio and offer its services to outside clients.

Mr Peter Dugdale, group chief executive, said all three companies "would benefit from closer identification of financial management and accountability."

Tax staff in line for large pay rises

By David Brindle, Labour Correspondent

TAX OFFICERS are in line for big salary increases under an outline agreement which would separate them from the rest of the Civil Service, introduce performance-related pay and pave the way for work changes designed to clamp down on tax evasion.

The Inland Revenue Staff Federation, the tax officers' union, is recommending acceptance of the £30m deal, which would raise maximum pay levels by as much as 19 per cent by April 1989.

The outline agreement follows closely the pattern of the agreement earlier this year for scientific and technical civil servants. It would mean that a total of about 170,000 of the 500,000 white-collar civil servants would have their pay determined to some degree by their performance.

Pay negotiations for Inland Revenue staff would in future be conducted on a departmental basis, as is being advocated for Whitehall as a whole by Sir Robin Ibbs, the Government's efficiency adviser.

A central part of the Revenue deal would be a reorganisation of duties so that grades below that of tax inspector took over some functions from grades immediately above. This would eventually free many deskbound inspectors from routine tasks to concentrate on tax compliance investigations.

The deal would also commit the 55,000-strong *IRSF* to an overtime agreement, to co-operate with changes in working practices and technology and to accept the use of temporary appointments and outside consultants.

On pay, there would be a reformed main salary structure with performance increments for staff receiving above-avarage markings in their annual reports. There would be further flexibility for the award of increments in response to recruitment and retention problems.

From 1989, there would be a settled system of pay negotiation "informed by" surveys of pay trends in the economy as a whole - particularly the finance sector.

Before then, maximum salary levels would rise in stages by a total of between 9.8 per cent and 19.1 per cent, the lower-paid getting the bigger rises.

Unit trusts win reprieve on rules

BY ERIC SHORT

THE unit trust industry has won an at least temporary reprieve from tough new rules proposed by the Securities and Investment Board.

The Department of Trade and Industry is to maintain responsibility for the rules governing the regulation of unit trusts following the controversy over the board's proposals.

The aim, a joint DTI-SIB statement yesterday said, was to meet requests from the unit trust industry for more consultation over the proposed rule changes, while keeping within the original timetable for the implementation of the Financial Services Act.

Under the Act, responsibility for controlling the unit trust industry passes from the DTI to the SIB. Now, however, although the SIB will be responsible for monitoring the industry the rules under which it will do so will be laid down by the DTI.

The board published draft rules for controlling the industry at the begining of October and ran into a barrage of criticism. Many long established practices would have been overturned.

Among its most controversial recommendations was that buyers and sellers of units should do so on a forward pricing system under which prices would be determined after the deal order rather than on a historic basis. The SIB also wanted administration charges and fees payable when a deal is done to be quoted separately from the price of units. In addition, it sought to tighten up on settlement times.

Most of the main SIB proposals were opposed by the industry, which claimed they were unworkable and would mislead a public used to dealing on the basis of known prices.

The Unit Trust Association, as well as telling the board of its strong objections, also expressed its concern direct to the DTI.

Yesterday's statement said that in order to meet requests from the industry for further consultation, yet to keep within the original timetable for implementing the 1986 Financial Services Act, the DTI would make the initial rules.

The parliamentary procedures for getting rules put forward by the Department approved are much quicker than the approval procedures for SIB rules.

Both the board and the DTI emphasised that the move did not necessarily mean the controversial forward pricing proposals would be abandoned. Nonetheless, the Unit Trust Association's compromise proposals would be reconsidered.

The DTI was emphatic yesterday that changes were necessary to resolve certain areas of potential abuse in the present historic pricing system – a contention the association accepts.

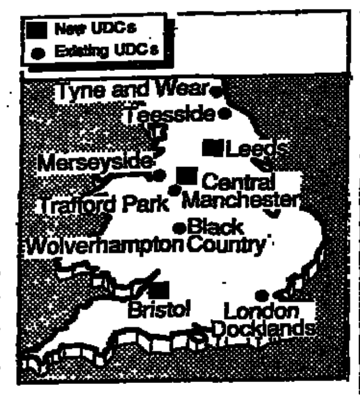
Forward pricing was one method of protecting investors, the DTI said, but it would look at other possibilities before finalising its rules.

Mr Bill Stuttaford, chairman of the Unit Trust Association, welcomed *the* extra *period of consultation* and the additional time there would be before changes were implemented.

The DTI intends to complete the consultation process by early January and to produce its final set of rules by the second half of February.

Government plans 'mini' urban development areas

BY RICHARD EVANS



A NEW generation of "mini" urban development corporations was launched by the Government yesterday in a move to rejuvenate more inner city areas.

They will be at Bristol, Leeds and central Manchester, and the existing Black Country UDC will be extended to include parts of Wolverhampton.

The Government intends the new corporations, together with the six already established in England, to be the main instruments through which inner city programmes will be administered and co-ordinated.

The new group will be smaller *in size* compared with the original six in London's Docklands, Merseyside, Teesside, Tyne and Wear, Trafford Park and the Black Country, and will range from 250 acres to 1,500 acres.

They will also have smaller budgets and the estimate is that each will spend around £15m over three to four years. In contrast, the existing corporations have been allocated a budget of £176m in 1987-88 alone.

Mr Nicholas Ridley, Environment Secretary, said that the areas had been chosen because they all had significant amounts of derelict and disused land and vacant buildings. They would be expected to attract considerable private investment into the areas.

Mr Ridley said yesterday that he had no plans at present to extend the list of UDCs further.

He rejected suggestions that the Government's policy towards the inner cities was in a shambles because of the confusing range of initiatives and because of ministerial rivalry over who should head the regeneration campaign.

"We hear about confusion and rows but it is a total fabrication...on the ground where UDCs have been operating you will find bulldozers, cranes and a feeling of buoyancy. *In the last* year or so there has been a great turnround in attitudes, and property values are beginning to rise," Mr Ridley said.

The Confederation of British Industry welcomed the decision to set up the mini UDCs. Mr John Banham, director general, *said it was "just what is needed"*

Manual unions agree to consider Ford offer

BY CHARLES LEADBEATER, LABOUR STAFF

MANUAL unions at Ford Motor Company yesterday agreed to consider what the company described as its final pay offer which included a further 1 per cent improvement in its basic pay offer to 6.5 per cent

The company opened negotiations six weeks ago, by outlining a three-year offer with an increase in basic rates of 4.25 per cent in the first year, followed by rises linked to inflation in the subsequent years. At the last negotiating meeting, the unions, which represent 32,500 manual workers, rejected an increased offer of 5.5 per cent.

The improved offer is designed to win the unions' agreement to wide ranging changes in working practices, including the introduction of team working and flexibility between skilled and unskilled workers.

The manual unions refused to sanction local discussions on the changes and told the company that they would decide their response to the offer early next year.

Ford said the improved offer would increase the basic rate for assembly workers by 16.3 per cent over the three years.

Fewer fatal injuries reported in industry

BY OUR LABOUR STAFF

THE NUMBER of fatal injuries in British industry fell in 1986-87 and the previously rising trend of major injuries may have levelled off, according to a Health and Safety Executive report published yesterday.

However, the HSE cautioned that the figures were not readily comparable with earlier years because of changes introduced last year to the system for reporting accidents.

The figures are also provisional and, on the evidence of past years, the final figures are likely to be 4 per cent higher than the estimates.

In addition to the accident statistics, the report paints a generally bleak picture of the HSE's position. The Executive is under-resourced, faces a backlog of uncompleted inspections, problems with recruitment and maintaining staff and a heavier burden of responsibilities because of recent legislation.

There were 177,743 injuries to employees, the self-employed and non-employees in British industry in 1986-1987. Of these 465 were fatal, 33,641 were major and 143,637 were injuries requiring more than three days away from work.

Nursing unions to present big pay claim

By David Brindle, Labour Correspondent

UNIONS representing about 500,000 National Health Service nursing staff will today call for a big across-the-board salary increase when they publish their joint evidence to the profession's pay review body.

Almost uniquely among pay bargaining groups, the nurses can confidently expect the backing of the media and popular opinion. This year, as concern mounts over NHS funding and the supply of nursing staff, that backing will be even stronger than usual.

Even the Princess of Wales was recently widely reported to have asked a nurse how much she was paid and to have exclaimed: "Why do they get at the nurses?"

In such a climate, they will be brave men indeed at the Department of Health and Social Security who question the nurses' right to a large general increase. But their case will not be threadbare.

First, the DHSS is likely to point to the Government's New Earnings Survey, showing that in April this year the median earnings of female full-time registered and enrolled nurses and midwives were £147 a week. The median for all non-manual women workers was £142.20 and for manuals was £108.20.

Nurses' gross hourly earnings were also above the non-manual average and, more important, the survey was taken *before* the average 9.5 per cent rise awarded by the Government earlier this year in advance of the general election.

Further, a national survey published a fortnight ago by Nursing Times magazine found the typical nurse to be a house owner and car owner, having a credit card, private savings and holidaying abroad. The lifestyle portrayed was by no means lavish, but comfortable.

Second, the DHSS is likely to argue that what is required is not an across-the-board increase, but selective incentives for specialist nurses and for those in geographical and functional areas of recruitment and retention problems.

Safeguards for BT clients demanded by watchdog

BY DAVID THOMAS

TOUGH SAFEGUARDS for British Telecom clients were demanded yesterday by the National Consumer Council.

The council was responding to a consultative exercise launched in August by the Office of Telecommunications, the industry's regulatory body.

Oftel is expected to decide in the New Year whether to impose financial penalties on BT for delays in fault-repair and lines-supply. This follows complaints Oftel received about BT's standard contracts which protect the company from financial liability.

Yesterday BT's standard telephone contracts were called a disgrace by Ms Sally Oppenheim-Barnes, council chairman. She said: "They are loaded in favour of BT - and against their customers."

The council helped to spark criticism of BT's performance in the summer when it published a public-opinion survey.

It recognises that other private companies are free to impose contract terms but, in a submission to Oftel published yesterday, says that because BT has a monopoly of many services its customers "must accept the conditions BT impose or go without the service completely."

It calls for a body independent of BT to be made responsible for ensuring BT's standard contracts are fair, probably Oftel itself or the Monopolies and Mergers Commission.

The council wants standards for individual domestic customers to be written into BT's licence or standard contract.

These standards would cover areas such as the percentage of time a telephone is available for use, and time taken to fix faults or to provide a particular service. BT's failure to meet these standards would make it liable to pay compensation to the client.

The council says separate standards for BT's network as a whole should be set down which would be tougher than standards for individual clients.

Failure to meet network standards would result in penalties - a cut in profits through rules governing financial performance.

The council demanded an end to BT having the right to cut off the telephones of clients in dispute with it about a particular bill.

Satellite message service proposed

By Peter Marsh

A CHEAP satellite message service is being proposed by a company set up by Mr Adrian Norman, a former information technology adviser to the Cabinet Office.

The service could enable companies to send messages around the country in a matter of seconds for as little as 1p each, using spare radio channels to be carried by Britain's first direct broadcasting television satellite, due to be launched in 1989.

"It would mean a return to the penny post," said Mr Norman, an electronics specialist at the London office of Arthur D. Little, the US management consultants.

Mr Norman founded Direct Business Satellite Systems with three partners: they are Mr Michael Marshall, the Conservative MP for Arundel who is a former industry minister and chairman of the Commons space committee; Mr Johnny Hawkes, a former head of the space division at the Department of Trade and Industry, and Mr Stephen Redfarn, a telecommunications consultant.

The company's plans depend upon gaining approval from British Satellite Broadcasting, the consortium which will operate the satellite.

Direct Business Satellite Systems proposes collecting messages in electronic form from customers, probably via telecommunications lines. It would then broadcast the data via the satellite to small "dish aerials."

The service would use satellite distribution capacity to send the same messages to many different locations. In this way costs could be reduced far below what could be achieved with an electronic mail service based on a conventional telecommunications network.

According to Mr Norman, the service would be attractive to organisations such as bookmakers, insurance brokers, gas or electricity utilities and government departments which send out large quantities of routine messages or letters.

Mr Norman said organisations would have to pay roughly £100 a year to use the service, with extra charges depending on the volume of material sent.

Direct Business Satellite Systems has opened negotiations with British Satellite Broadcasting about using the spare channels, but according to BSB no decision has been reached.

Lisa Wood on the overhaul of Scotland's largest Scotch producer

How Guinness shook up Distillers

MORE THAN a year and a half ago Guinness, the brewer, acquired Distillers, Scotland's largest producer of Scotch whisky.

What has happened since then to sharpen up the Distillers' business has been overshadowed by the steady drip of information concerning alleged financial irregularities in the Guinness camp during the £2.5bn takeover.

Guinness is putting the finishing touches to a lengthy and radical overhaul of its spirits acquisition, which has been renamed United Distillers Group and takes in Arthur Bell, the smaller Scotch whisky distiller which Guinness acquired in 1985.

Rationalisation has extended throughout the former Distillers (DCL) business, from the distilleries in Scotland to the six elegant offices in central London from where the main brand companies such as Johnnie Walker, Dewars and White Horse operated their own overseas sales and marketing teams. This structure resulted in many brands competing against each other.

The old DCL, with its Gordon's and Tanqueray gins, Pimm's and many whisky brands, was like a federation with individual businesses pursuing their own strategies under a five-man management committee responsible for co-ordinating group strategy. Other operating committees beneath this were responsible for more detailed liaison.

The result of this archaic structure, a legacy of the group's evolution, was often indecision and lost opportunities. Guinness, only days after it snatched DCL from the clutches of Argyll, the supermarket group, set about a far-reaching review of the business.

It has been a lengthy analysis influenced, and interrupted, by several management changes, most notably the appointment of Mr Anthony Tennant as chief executive of Guinness after the dismissal of Mr Ernest Saunders, the former chief executive and architect of the enlarged Guinness group.

Mr Tennant was formerly chairman of IDV, the Grand Metropolitan drinks subsidiary perceived by many analysts as one of the most successful international drinks marketers.

Changes at UDG include:

- The reorganisation of the distilling, bottling and stockholding activities in Scotland to bring cost savings by putting together DCL's two production areas, Scottish Malt Distillers and Scottish Grain Distillers.
- A push to acquire distributors – a strategy pioneered by IDV – to gain more control over brand marketing and the distributors' profits in the highly competitive international market. Acquisitions have included the £293m purchase of Schenley, a US distributor of UDG brands.
- The closure of the six London offices and a move of their overseas sales and marketing activities to one functional office in west London.
- The recruitment of senior executives from outside Guinness.

With these moves has come a review of the group's hundreds of brands, their relative strengths in world markets and an evaluation of how to market them so they do not compete against each other.

In one fairly small but growing European market, more than 15 UDG brands of malt Scotch are sold, which results in a dilution of marketing effort by the group and its distributors.

"The whole approach will be to put corporate resources behind a few major brands internationally," said Mr Anthony Greener, managing director of UDG, who succeeded Mr Victor Steele who left the group in September.

Anthony Greener: "resources behind a few major brands"

It is a difficult task involving sensitive negotiations with the remaining independent distributors who still handle about 30 per cent of UDG's sales and, in the past, largely controlled local advertising.

The accelerating move towards joint ventures is assisting the trend towards greater central control of advertising. UDG is initiating its first pan-European advertising for Johnnie Walker Black Label Whisky, the de luxe whisky, sales of which are seen as underdeveloped on the Continent.

Mr Greener said: "The further upmarket a brand is the more you have to have a common identity for a brand because people travel and you are often dealing with the same consumer."

Directing this overview is a central strategic unit which seeks to set corporate objectives on brand marketing, new product development, public affairs and business development.

Mr James Espey, deputy managing director of UDG and responsible for the central unit, said: "We have now agreed internally a total group strategy for our portfolio which will ensure lane discipline for our brands throughout the globe. No longer will you see company brands fighting each other."

The world is now being organised on a geographical basis with four regional teams responsible for the sales and marketing of a portfolio of brands tailormade for the specific region.

It all looks logical on paper, according to City analysts who have taken a long and sceptical look at Guinness after what was often a near love affair with Mr Saunders.

Critical to any success is the more intangible creation of a corporate culture in a business that has been internally dissected as well as buffeted by scandal.

Mr Greener said: "It is easy to draw lines on paper and put people in little boxes.

"UDG is a large international business, made up of people from the former Distillers, from Guinness and some from outside. We have to get a common understanding and turn this group into an effective working unit.

"I'm determined to make this the best-run business in the industry. Otherwise we will get left behind in what is a very competitive industry."

It could be a long haul. In a stagnant world market for spirits, improved profits of £145m from the spirits activities at the interim stage of Guinness's financial year came mainly from production cost rationalisation rather than from higher sales.

With most of Guinness's competitors such as IDV, Allied-Lyons and Seagram striving for the same objective – increased global sales of their brands – time is at a premium.

Posgate and four others remanded

By Raymond Hughes, Law Courts Correspondent

MR IAN POSGATE, an underwriting member of Lloyd's, the London insurance market, and four other men facing fraud conspiracy charges were further remanded on bail until January 29 by Guildhall magistrates in London yesterday.

Mr Timothy Langdale, prosecuting, said it was likely the form of the committal proceedings would be known by that date.

Mr Posgate and three former directors of the Alexander Howden group, a Lloyd's insurance broker – Mr Jack Carpenter, Mr Alan Page and Mr Kenneth Grob – are charged with conspiring to defraud the group.

They are alleged to have falsely represented that a syndicate of buyers of the Banque de Rhone et de la Tamise, of Geneva, comprised individuals or entities independent of Alexander Howden.

Mr Carpenter, Mr Page and Mr Colin Hart, a farmer from Whitstable, Kent, are also charged with conspiring to defraud members of two Lloyd's syndicates by effecting transfers of members' funds to the Banque du Rhone et de la Tamise.

All five men were remanded on conditional bail of £100,000 each.

MoD says competitive contract saved it 25%

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

THE MINISTRY of Defence says it has made savings "in the order of 25 per cent" on the production of sonobuoys over the next three years, as the result of a competitive contract.

Plessey Naval Systems has won a £20m contract to supply 124,000 sonobuoys, the majority of Ministry of Defence requirements from 1988 to 1990, while Dowty Maritime Systems is to supply the remainder for about £15m.

Sonobuoys, used in large numbers by the navy and air force to detect submarines, are virtually the only product sector in which the MoD follows the common US pattern of maintaining two sources of supply in regular competition. For 1985-87, Dowty won the major contract and Plessey the minor one.

Another feature of recent competitive UK procurement of sonobuoys is that Plessey and Dowty have invested significant amounts of their own money in development and production facilities, both to win UK business and to be competitive abroad.

Plessey has upgraded a factory at Newport, south Wales, while Dowty has built a new plant at Greenford, Middlesex. The MoD has generally encouraged companies to make more private venture investment, but relatively few have done so.

In the latest award, Plessey has won 60 per cent of MoD requirements for the Difar and Jezebel sonobuoys, and Dowty 40 per cent. Plessey has also won the entire order for Bathybuoys, which is its own product used in relatively small numbers to measure the changes in water temperature that are vital to sonar detection.

Earlier this year, Plessey beat Dowty outright for the £20m contract to supply Barra sonobuoys. These are directional devices also used in relatively small numbers, and the contract was again awarded to a single company.

As part of its policy of extending competition in procurement, the MoD is shortly expected to invite tenders for the production of Spearfish, the lightweight torpedo developed by Marconi Underwater Systems, hitherto the UK's monopoly maker of torpedoes.

- Strachan & Henshaw, the Bristol engineering company, has won a £62m subcontract from Kockums of Sweden to design and supply torpedo discharge equipment for six diesel submarines which the Swedish company is selling to the Australian navy.

The Bristol company has supplied underwater weapon handling and discharge equipment on Royal Navy submarines, and is near completion of work on the UK Upholder class submarines.

EMI to close remaining blank tape operations

BY DAVID THOMAS

EMI MUSIC, the UK group, is closing down its remaining blank tape operations which are based in Winchester, Virginia, in the US.

The decision will mean the loss of 220 jobs in Virginia and 50 at EMI's tape distribution centre in Treorchy, south Wales.

The company, a subsidiary of Thorn EMI, the diversified electronics and retailing group, had been trying to find a purchaser or joint venture partner for its blank tape operations, which have been under pressure from cheaper imports, mainly from the Far East.

The company blamed its decision on the high costs of research and development, particularly for tapes for the new generation of digital players, and excess world-wide manufacturing capacity.

EMI will continue to make pre-recorded tapes, with manufacture in the US consolidated at its plant in Jacksonville, Illinois.

Civil Service staff to try out desktop computers

BY TERRY DODSWORTH

THE CIVIL SERVICE is to experiment with using desktop computers to retrieve departmental documents as it considers further moves towards using screen-based information.

The experiment is being conducted by the Central Computer and Telecommunications Agency, responsible for advising government departments on introducing computer-based services. It will involve installing 30 terminals in 12 government-department personnel offices.

The CCTA believes there is great potential for such systems because of the large number of paper manuals in use in the Civil Service. But it says there is little clear evidence of how easily workers adapt to using a screen as opposed to manuals for this sort of information.

Employees involved in the experiment will use desktop machines supplied by Olivetti/AT&T.

Legal Notices

NORAMCO MINING CORPATION NOTICE

TO HOLDERS WARRANTS TO PURCHASE COMMON SHARES OF NORAMCO MINING CORPORATION

NOTICE IS HEREBY GIVEN that Noramco Mining Corporation ("Noramco"), Emerald Lake Resources Inc. and Highland-Crow Resources Ltd. have agreed and their respective shareholders have approved, subject to regulatory approval, to amalgamate. Upon amalgamation, the amalgamating corporations will continue as one company in accordance with the provisions of the Company Act of British Columbia under the name "Noramco Mining Corporation" in its English form and "Corporation Miniere Noramco" in its French form.

The amalgamation agreement provides that all warrants to acquire common shares in the capital of Noramco which are valid and subsisting on the effective date of amalgamation (the "Effective Date") shall, upon amalgamation, be converted into warrants to acquire common shares in the capital of the amalgamated corporation on the same terms and conditions. As a result, each warrant of Noramco held on the Effective Date will entitle the holder thereof to purchase one common share of the amalgamated corporation at the price of $12.50 on or before July 13th, 1990.

No exchange of warrant certificates will be required.

NORAMCO MINING CORPORATION
G. A. Keevil
President

IN THE MATTER OF BILFINGER & BERGER DREDGING CYPRUS LIMITED AND IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113.

NOTICE IS HEREBY GIVEN that the creditors of the above-named company which is being voluntarily wound up are required on or before the 8th day of January 1988 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their Solicitors (if any) to the undersigned Mr Anthony Hajirousso FCCA of Julia House, 3 Themistocles Dervis Street, P O Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, are personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 8th day of December 1987.
A Hajirousso FCCA
Liquidator

THE ROYAL BANK OF CANADA
US$300,000,000 Floating Rate Debenture Notes due 2085

NOTICE IS HEREBY GIVEN that for the interest period commencing 9th December 1987, the notes will bear interest at the rate of 8 1/16% per annum. The interest payable on 9th March 1988 against coupon 8 will be US$20.380208 per US$1,000 nominal.

Agent Bank
ORION ROYAL BANK LTD.

AUCTIONS

The Financial Times proposes to publish this survey on Friday 29th January. The Following areas will be analysed:

PROPERTY
a) Commercial property
b) Residential property & land
c) Agricultural land & farms
d) Industrial investments
e) Retail property

PLANT & MACHINERY
VEHICLES
FINE ART
A USER'S GUIDE

For further information on advertising please call Emma Cox on 01-248 5115.

FINANCIAL TIMES
Europe's Business Newspaper

Company Notices

RAND MINES GROUP

(All companies incorporated in the Republic of South Africa)

DIVIDEND DECLARATION

BLYVOORUITZICHT GOLD MINING COMPANY LIMITED
(Company Registration No. 05/09743/06)

NOTICE IS HEREBY GIVEN that dividend No. 84 of 75 cents per share has been declared in South African currency, as an interim dividend in respect of the year ending 30 June, 1988, payable to members registered at the close of business on 24 December, 1987. The register of members will be closed from 25 December, 1987 to 3 January, 1988, inclusive. Dividend warrants will be posted on or about 29 January, 1988.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom registrars, transfer and paying agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 25 December, 1987, on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or United Kingdom offices of the company.

DURBAN ROODEPOORT DEEP, LIMITED (Company Registration No. 01/00926/06)
EAST RAND PROPRIETARY MINES, LIMITED (Company Registration No. 01/00773/06)
The Board of directors of these companies have decided not to declare dividends for the year ending 31 December, 1987.

By order of the Boards
RAND MINES (MINING & SERVICES) LIMITED
Secretaries
per V.M. MURTON

Registered Office:
15th Floor, The Corner House
63 Fox Street
Johannesburg 2001
(PO Box 62370, Marshalltown 2107)

Secretaries in the United Kingdom:
Charter Consolidated Services Limited
40 Holborn Viaduct
London EC1P 1AJ

United Kingdom Registrars, Transfer and Paying Agents:
Hill Samuel Registrars Ltd
6 Greencoat Place
London SW1P 1PL

7 December, 1987

Members of the Barlow Rand Group

Contracts & Tenders

KAGERA BASIN ORGANIZATION
KBO REGIONAL TELECOMMUNICATIONS PROJECT
INVITATION TO TENDER NOTICE

The Kagera Basin Organization, on behalf of the Governments of Burundi, Rwanda, Tanzania and Uganda, proposes to interlink the four States with high-grade microwave radio systems with exchanges at some centres. The funding will in part be provided by the African Development Fund.

The Project comprises the supply and installation of: -

1. Digital and Analogue microwave radio links, including multiplex equipment.
2. Three digital telephone exchanges and
3. Logistics for the project.

KBO hereby call for tenders by International competitive bidding from competent telecommunications firms in Member Countries of ADB.

Tender documents will be issued by the office of the KBO Executive Secretary, Kigali from 17 December 1987 on payment of US $300 per set of documents. Bank draft should be payable to "Project Telecoms, OBK" account No 9389/050-49, Banque Commerciale du Rwanda, Kigali. The closing date for submission of tenders will be 16 March 1988.

Further information regarding this invitation to tender may be obtained from:-

The Executive Secretary, Kagera Basin Organization, P O Box 297, Kigali, RWANDA. Telex - 567 OBK/rw Tel - 84665

Office Equipment

INTERNATIONAL BANK MOVES HEADQUARTERS

Executive Desks, Rosewood and American Walnut/ Antique Partners Desks. Board Room Tables. Light Oak Desks/Office Screen/Light Oak Tables/Clerical chairs/Fire Resistant Filing Cabinets/Reception Furniture.

Telephone 01-549 9339

Art Galleries

Barling, 112 Mount St, W1. 499 2858. TCHELITCHEW-Works from the Artist's Estate. Until 12 Dec. Presented by RICHARD NATHANSON. Mon-Sat (all day Sat) 10-5

LEFEVRE GALLERY - 30 Bruton Street, W1. 01-493 2107. An exhibition of works by Edward Burra (1905-1976). 4th November - 18th December. Mon-Fri 10-5, Sats 10-12.30

I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30	FTSE 100	WALL STREET
Dec. 1279/1291 +21	Dec. 1600/1612 +21	Dec. 1785/1800 +25
Mar. 1301/1313 +19	Mar. 1628/1640 +19	Mar. 1785/1800 +25

Prices taken at 5pm and change is from previous close at 9pm

Knitwear maker sues for alleged piracy of design

BY ALICE RAWSTHORN

MICHAEL ROSS, a designer knitwear company, has issued a £1m writ against Chewan, an Italian knitwear group, for allegedly stealing one of its designs.

Design piracy is a persistent problem within the fashion industry. There are frequent complaints from small clothing businesses and fashion designers that their designs have been stolen by other companies. Given the high cost of legal action and the complexity of copyright law, relatively few cases are taken to court.

In this instance Ross alleges that Chewan has reproduced one of its jumper designs. The original Ross jumper - which features a repeating pattern of dogs, rabbits and bears - was hand-loomed in Shetland wool and retails for about £60. The company claims that Chewan has copied its design in an acrylic garment selling for a third of the price.

Ross intends to sue Chewan in each of the countries where the jumper design has been sold. It began yesterday by issuing a writ in West Germany.

Generally it is the larger fashion groups which take action over copyright infringement. Cost alone precludes small businesses such as Ross - which has a turnover of less than £2m - from embarking upon litigation. By contrast, Laura Ashley, a larger concern, sets aside an annual budget of £250,000 for investigation and prosecution.

A parallel problem is posed by the esoteric nature of copyright legislation. The British Clothing Industry Association is confident that the Copyright Bill, now passing through Parliament, will help to clarify the legal position. In the meantime it is very difficult for companies to prove copyright infringement.

Moreover, copyright legislation differs from country to country. The European Association of Clothing Industries is presently conducting a survey of the legal position in each of the EC member states. In the longer term it hopes that legislation will be harmonised throughout the EC.

However, as Ms Elizabeth Fox of the BCIA points out, the real problem is that by the time a fashion company realises one of its designs has been stolen the damage has been done. The "copycat" garment will already be in the retail marketplace.

Chartered surveyors firms to merge

BY WILLIAM COCHRANE

THREE FIRMS of chartered surveyors are to merge, creating a new name in the profession's "top ten" and linking offices in the Midlands, central London, the south-west and the north of England.

Grimley & Son and J R Eve, chartered surveyors, said in London yesterday that they had finalised plans to merge and incorporate the quantity surveying practice of Lindsay R Macdonald and Associates.

The combined partnership will have 45 partners and 260 staff. The biggest component will be Grimleys, based in Birmingham with offices in London and Manchester. The firm operates from a traditional industrial base and is well-known for estate agency and specialist skills in insolvency and liquidation, plant and machinery.

J R Eve, like Grimleys some 150 years old, works from London and Bristol and has a high profile in planning, rating and minerals. Lindsay R Macdonald, of Solihull and Leeds, is the smallest of the three firms.

Senior partner designate of the new firm, to be named Grimley J R Eve and to merge with effect from January 1, will be Mr Maxwell Taylor of Grimleys. He said yesterday that the firms had considered, and rejected the fashion for firms providing professional services to incorporate.

"A lot of people are rushing out to go public or sell," he said. "This might, or might not be the right idea. We don't aspire to a stock market quotation; nobody's told me that we're going to sell; and both Grimleys and Eve like the independence they have both experienced for a century and a half."

Enterprise agency plans to extend activities

BY RALPH ATKINS

THE LONDON Enterprise Agency has helped create or save 11,000 jobs in the last eight years, according to its annual report published yesterday.

The agency seeks to involve the private sector in reviving inner London. Since its launch in 1979 it has provided business training for 20,000 people.

Mr John Quinton, chairman of the agency's advisory council, said the organisation is committed to developing a range of inner-city regeneration projects in 1988.

"LEntA will be utilising the expertise in business training and development to apply to those projects in the outside world that now need to run on business lines such as schools, housing estates and arts projects," he said.

As well as encouraging small businesses the agency has set up a bureau to bring together investors and small businesses, encouraged partnerships between industry and education, and supported low-cost housing.

Eating out 'on the increase'

By Lisa Wood.

BRITONS are eating out increasingly often, with the proportion of meals consumed outside the home expected to reach 20 per cent by 1990, compared with 15 per cent today, according to a report by Moccomat UK, the supplier of beverage systems to the UK catering market.

Figures from a national food survey conducted by the Government suggest the average number of meals eaten outside the home has risen from 3.21 to 3.29 per person per week since 1986.

Paradoxically the number of catering establishments has fallen from the 1976 level of nearly 320,000 to just under 303,000, according to Moccomat. It says this stems mostly from a decline in the number of meals eaten at work.

The shortfall has been made up by the commercial catering sector with a steady increase in the number of fast-food units, cafes, restaurants and wine bars.

Reasons given for the increase include:

- **The blurring of traditional meal times.**
- **The increase in childless couples who have less incentive to eat at home and more disposable income.**
- **The increase in part-time or irregular employment.**
- **More than 50 per cent of women working outside the home.**
- **The increase in single-person households.**
- **An increase in travel for leisure and employment.**

The Beverage report. Moccomat UK, Douwe Egberts House, Manor Way, Boreham Wood, Herts.

Maurice Samuelson on a battle for control of the National Grid

Trying to keep the power of supply

THE BIGGEST brain-teaser in the electricity privatisation debate is who will control the National Grid. The Central Electricity Generating Board is determined it should continue to do so, but inside and outside the industry there are those who are determined to prise the grid from the CEGB's hands.

According to the CEGB, its joint control of both generation and main transmission gives the UK one of the most flexible and secure electricity supply industries in the world. Abandoning it, the board claims, could add £1bn to the industry's yearly costs and increase the risk of blackouts.

In its view, the power stations and grid have been developed as a single entity. Separating them would be retrograde folly at a time when other utilities, including some in the US, are trying to evolve towards the UK arrangement.

But the board has so far failed to win over sceptics, who are believed to include some ministers. Mr Tony Boorman, deputy director of the Electricity Consumers Council, argues that it would be "extremely difficult to foster competition if the grid is left in the hands of the CEGB."

Sir Philip Jones, chairman of the Electricity Council, the industry's umbrella organisation, talks of the distribution side being able to "influence" the grid's operations, possibly in a joint venture with the generating industry.

Others would like to see the grid run as a public carrier by a separate non-profit-making concern. They challenge the CEGB's suggestion that the British arrangements are necessarily superior to those in other countries and point to Japan, where nine power companies and the Electric Power Development Company control transmission via a self-regulating council which they own and manage.

Mr Robert Peddie, former chairman of the South Eastern Electricity Board, who wants a non-profit-making transmission company owned by the distribution companies, says that would make electricity prices more "transparent" in the sense that production costs could be more clearly identified.

At the centre of the debate stand the Government and its technical advisers, consultants Mertz and McLennan, who will have to adjudicate.

The difficulties they face in this are inherent in the way the grid operates and how it has evolved over 60 years. The decision to build the grid was regarded by some as a symptom of "creeping socialism" - even though it was promoted by the Conservative Government of Stanley Baldwin. Commercial necessity won the day: with 24 voltages in London alone and a 75 per cent overcapacity of generators in areas supplied with electricity, the case for a national "gridiron" was incontrovertible.

The grid's contribution to national security became evident in the Second World War, when it ensured continuity of supply in spite of the Luftwaffe's bombing offensive. It then became an instrument of post-war reconstruction. The system of production and distribution became much more centralised and powerful and it was decided to build a "super-grid" of 275kV lines, later modified to carry 400kV.

Today the grid has 7,000km of high-tension cables draped across the country on pylons, as well as 700km of buried lines. They are laid out rather like Britain's main road network. The 400kV lines, which mostly run north to south, are the grid's "motorways" while the 275kV lines girdle the main centres of population like ring roads.

The lines interconnect at more than 200 switching stations, known as sub-stations, where the electricity becomes the responsibility of the area boards. They transform it to lower voltages to supply the consumers.

Originally, most power stations were satellites of the local distribution networks, and thus connected only indirectly with the national grid. Today, there are only 78 power stations and 90 per cent of generating capacity is

Sir Philip Jones: possible joint venture

connected directly to the super-grid.

The CEGB says that this tight integration between supply and transmission gives it the flexibility to raise efficiency, avoid national breakdowns and enable more centralised planning of capacity.

The efficiency of the power stations is maximised by running them according to a merit order, reflecting their individual production costs at any one time. This merit order is orchestrated from the CEGB's National Control Centre in London, which assesses the performance of individual power stations, the state of the transmission lines and switching stations, fuel deliveries, and weather and demand patterns.

The most technical argument for keeping generation and transmission together concerns the need to maintain stability of voltage. If the system is not kept sufficiently magnetised, there is a danger of a serious collapse. To avert this, power stations can be ordered to provide only "reactive" power rather than the "real" power for which they are paid.

Such an instruction clashes with the commercial interests of the power stations and, the CEGB argues, this system runs smoothly because there is no contractual interface between grid control and power station managers.

Advocates of splitting the industry prefer to base their case on commercial rather than operational arguments. They recall that the grid was theoretically opened to private generators by the 1983 Energy Act. But the would-be private generators claim to have been kept out of the market by the CEGB's failure to offer a sufficiently attractive price for their power. They fear they will do no better after privatisation if the grid remains in the hands of a dominant generating board.

Two possible changes in the grid's status are foreseen. It could be owned by the distribution companies - the successors of the area boards - or by a completely separate company. The Electricity Consumers Council, in a paper entitled The National Grid and the Merit Order, examines these options.

Under the former, says the council, competition would be encouraged, promising better long-term efficiency, but prices would be likely to rise, some resources could be duplicated and there might be technical restraints. Security, however, could be maintained.

The second option, an independently owned grid, would act as market maker and would carry most of the industry's risks. By acting as a common carrier it would encourage competition, but there would be less flexibility in responding to changing fuel prices and supply emergencies. Security of supply might be harder to maintain.

The council says that under this system, the distribution companies might not be given enough information to convince them that the generating companies' profits were reasonable.

The National Grid and the Merit Order. Electricity Consumers Council, Brook House, 2/16 Torrington Place, London WC1E 7LL.

Consumers complain at service

By David Churchill, Leisure Industries Correspondent

CONSUMERS ARE increasingly concerned at poor standards of service from shops and other service outlets, says a shopping patterns survey by Leo Burnett, an advertising agency.

The survey was carried out in response to service-sector growth in the 1980s and to changes in traditional retail shopping.

Ms Jackie Dickens, agency vice-chairman, said consumers generally welcomed changes that had occurred in shopping over the past decade.

"But companies which concentrate only on the more tangible aspects of change, such as technology, at the expense of the human element will, we believe, miss out on the biggest profit-earner of all," she said.

The survey was based on national interviews and group discussions with consumers.

It suggests nine in 10 consumers would not return to a shop where they had received poor service; a similar number said they would go out of their way to get better service; about 70 per cent were prepared to pay more for good service.

About half of consumers believed service standards were at best static; a third felt standards were declining.

The UK was perceived as lagging behind other countries, especially the US and continental Europe.

Causes for complaint included:

- Unfriendly, ill-informed or over-attentive staff - seen by many consumers as the main reason for poor standards of service.
- Queues.
- Irritations - such as electrical appliances to which plugs had not been fitted or paying for carrier-bags in supermarkets.

Many felt they obtained better service from automatic vending-machines. However, seven out of 10 said they would be opposed to totally-automated shopping.

Most survey respondents perceived chemists, banks and building societies as giving good service; supermarkets and post offices were said to offer low levels of personal service.

Birmingham airline's results improve

By Lynton McLain

BIRMINGHAM Executive Airways, the private airline based in the Midlands, had a record performance in the last three months.

Revenue came to almost £2m, compared with £1.6m for the corresponding period last year and the airline carried 13,200 passengers on its eight routes.

The airline's fleet of six aircraft carried 4,848 passengers in November, the best month since the airline was formed in 1983.

In the 12 months to the end of March last year the airline made a loss of £934,608 on a turnover of £5m.

Industry 'fails to match' rate of foreign innovation

BY PETER MARSH

BRITISH industry is failing to innovate technologically compared with its overseas rivals, particularly those from Japan and West Germany, says a study for the Department of Trade and Industry.

The one bright spot is a good performance by the UK pharmaceutical industry, which is the only broad sector of British business to have increased its degree of innovation between 1975 and 1984, as measured by US patent statistics.

Dr Francis Narin, a US technology consultant who was joint author of the DTI report, described as "disastrous" the record of innovation of the UK electronics industry.

In this area, the number of UK patents issued in the US declined alarmingly, with their level of quality also being low, according to Dr Narin.

CHI Research, a New Jersey-based company of which Dr Narin is president, based its study on a computerised analysis of US patent data. It assembled a picture not only of the number of UK patents in specific industrial areas but the number of times these patents were cited in subsequent research, as an indicator of quality and commercial relevance.

In each industrial area, the study compared the UK performance with West Germany, France, Japan and the US.

The UK's share of total US patents issued between 1975 and 1984 declined in all but five of the 20 industrial areas covered in the report.

Pharmaceuticals increased its share over this period from 8.2 per cent to 9.0 per cent. The other areas to have experienced a rise in US patents – hydraulics, sensors, separation technologies and lasers – all cover, in contrast, relatively narrow business areas.

Communications saw its share of US patents fall over the same period from 4.3 per cent to 3.9 per cent; information technology patents declined from 3.0 per cent to 2.4 per cent; while nuclear power technologies experienced the biggest fall of the 20 sectors, from 6.0 per cent to 3.4 per cent.

UK industry as a whole saw a steady decline in the number of US patents, from 2,990, or 4.2 per cent of all US patents, in 1975 to 2,336, or 3.5 per cent of the total, nine years later.

In terms of innovation quality, the study shows a strong performance by several UK chemicals and pharmaceuticals companies, including Imperial Chemical Industries, Glaxo, Beecham, and the UK subsidiaries of Smith Kline and French Laboratories of the US and Switzerland's Ciba-Geigy.

Lucas Industries is the only UK company to score highly in automotive patents.

The report describes a strong technological challenge from Japan, which increased its share of US patents from 8.9 per cent in 1975 to 16.6 per cent in 1984, with a corresponding increase in quality. "The Japanese are not only growing extremely rapidly in number of US patents, but also taking a leading edge in many of these technologies," according to the study.

Over the same period, West Germany showed an upward trend in US patents, from 8.5 per cent of all US patents to 9.5 per cent. French patents stayed roughly constant at 3.3 per cent compared with 3.5 per cent, while the US experienced a decline from 64.9 per cent to 57.3 per cent.

Identifying Areas of Strength and Excellence in UK Technology. Department of Trade and Industry, 123 Victoria St, London SW1E 6RB.

Prostitute loses legal battle over back taxes

Financial Times Reporter

MS LINDI ST CLAIRE, a prostitute, yesterday lost her legal battle to stop the Inland Revenue in its fight for £58,781 in back taxes from her earnings.

After the High Court ruling, Ms St Claire, 35, vowed to appeal against the decision which, she said, could force her "back on the game."

Along with 20 masked female supporters from the English Collective of Prostitutes, Ms St Claire waved a banner and chanted: "No taxation without civil rights."

She said: "This is not a fair decision, because as a prostitute woman I am not equal before the law."

Deputy Judge Piers Ashworth, QC, allowed an Inland Revenue appeal against a ruling in May last year which gave Ms St Claire permission to argue her claim in court.

The judge rejected Ms St Claire's argument that the taxman was not entitled to her money as he would be guilty of living off immoral earnings.

Tax was chargeable on trade, he said. The Inland Revenue could only be said to have acted unlawfully if, in law, prostitution could not be regarded as a trade.

The judge said the word "trade" did not have any connotation of lawfulness. There could be lawful trade and unlawful trade – it was still trade.

He said Ms St Claire was "indubitably" providing services to her customers for payment.

In his view, she was clearly carrying on a trade and was liable to tax on the profits of prostitution.

The judge made a costs order against Ms St Claire, not to be enforced without the leave of the court.

Ms St Claire's battle with the Inland Revenue began seven years ago when she failed to register her business, Personal Services, as a limited company for tax purposes.

Ulster group creates 225 jobs

BY OUR BELFAST CORRESPONDENT

NORBROOOK Laboratories, the Northern Ireland pharmaceutical company, yesterday announced an £8.5m expansion plan which will bring 225 new jobs to Newry, Co Down, by 1990.

Mr Edward Haughey, Norbrook's chairman, said the expansion was a result of multi-million-dollar orders from pharmaceutical companies in the US and growth on the Continent and in south-east Asia.

The company, which makes veterinary drugs, currently employs 200 people.

Mr Tom King, Northern Ireland Secretary, visiting the company yesterday, said it was a good example of a business which had benefited from support from the Northern Ireland Industrial Development Board, in investment assistance and marketing, research and development.

Norbrook's expansion, he said, was part of a pattern of industrial development in Northern Ireland, where there had been more than £1bn of new investment during the last four years in IDB-backed companies.

Norbrook expects to make its first shipments to the US early next year. Mr Haughey said the company already exported to more than 65 countries.

He said: "Over the past number of years we have worked closely with some of the finest scientists in the country, both in government bodies, such as the Department of Agriculture, and with the province's universities and colleges. Norbrook has allocated more than £1.6m for research and development next year."

UK NEWS - PARLIAMENT and POLITICS

Tory critics fire broadside at Health Bill

BY TOM LYNCH

MR TONY Newton, the Health Minister, faced a barrage of criticism from his own back benches in the Commons yesterday over his bill abolishing free dental and optical check-ups and allowing hospitals to raise extra revenue through commercial activities.

Yesterday's report, The Crisis in the Health Service, by the presidents of the Royal Colleges of Physicians, Surgeons and Obstetricians and Gynaecologists, encouraged Tory dissenters to raise the wider issue of the Government's stewardship of the National Health Service during the bill's second reading.

However, Mr Newton attacked the Royal College presidents for not understanding the complexity of the health service's problems.

The Tory dissidents seemed unlikely to respond to a challenge by **Mr Robin Cook**, the shadow Social Services Secretary, by voting against the bill. Most were expected to abstain on last night's vote and put down amendments during the bill's committee stage.

Mr Newton's speech was interrupted seven times by hostile Tories, led by **Sir Barney Hayhoe** (Brentford and Isleworth), a former Health Minister, who said he was "sharply opposed" to charging for sight and dental checks. In the light of yesterday's report, the bill was "quite superficial and peripheral" to the problems of the NHS, which should command the attention of the Chancellor of the Exchequer and the Prime Minister.

Mr Peter Fry (Wellingborough) said many pensioners receiving just above benefit levels would have difficulty in meeting the proposed charges, and he asked ministers to consider widening exemptions.

Sir Barney Hayhoe: opposed to charges.

Mr Robert McCrindle (Brentwood and Ongar) endorsed the colleges' report and insisted that there were many areas of health provision where the Government alone was capable of meeting needs.

Mr Jerry Hayes (Harlow) said low pay was not the only reason for the loss of 30,000 nurses from the NHS last year. "They are leaving the profession because they are deomoralised."

Dame Jill Knight (Edgbaston), chairman of the Conservative backbench health committee, said the diagnosis of some diseases might be missed if opticians offered a poorer quality of eye tests to reduce costs and **Mr Richard Holt** (Langbaurgh) disclosed that his diabetic condition had been discovered in the course of an eye test.

Mr Robin Maxwell-Hyslop (Tiverton) said the Government's argument that fees for eye and dental checks would not discourage people from taking them was "contrary to what any person would expect. On what objective evidence is your expectation – which seems so contrary to reason – based?"

Mr Newton said the Royal Colleges' report "contained little or no serious discussion discussion of the complex causes of some of those difficulties, for example the nursing shortage." The problems of the NHS were "sometimes reduced to excessive simplicity by some of the statements that are put out."

He announced a new scale of dental charges and said that, even allowing for the cost of a check-up, about 2m courses of treatment a year would be cheaper under the new scales than they were now. The minister also argued that competition on eye tests would keep prices down, as it had when free NHS spectacles had been ended.

Challenged on whether health authorities would lose government grant eqivalent to what they raised through commercial activities, Mr Newton said it was important that district health authorities should not feel it was not worth their while to extend into such as franchising shops or opening health clubs.

Mr Cook – who was backed by only 12 backbenchers in contrast to the lively discussion on the Government benches – rebuked Mr Newton over his remarks on the Royal Colleges' report. "I would not presume to say to the presidents of the Royal Colleges that they have not grasped the issue. The statement is a damning indictment of the state of our hospitals." He said franchising in hospitals was likely to be typified by a deal he alleged had been negotiated behind closed doors between the Government and a company called Bioplan.

Mr Cook said the deal – which had not been open to tendering – would require health authorities to provide staff, premises and back-up for the company to provide day-care clinics, for which the authorities would pay. He said Bioplan shared directors with the Hospital Corporation of America.

He said the Government would assume franchising income when allocating grants. "It is a fraud on the House and the nation to pretend that extra revenue will be available for patient care."

He described the Colleges' report as "a damning indictment of the state of our hospitals. It demands a response from the Government that matches the magnitude of the crisis. Instead we are offered this tawdry bill about putting petrol pumps in hospital forecourts and charging the elderly to have their eyes tested."

In her speech, Dame Jill said the proposals to charge for checks "spoilt" an otherwise good measure and would cost the NHS more in the long run through undetected illnesses. The charges would be opposed by "a fairly significant number of MPs."

MINISTERS WERE told to stop quoting statistics about spending on the National Health Service and discuss the crisis it now faces with leaders of the medical profession, writes Ivor Owen.

The call came from Mr **Michael Foot, the former Labour leader, in the Commons yesterday during questions about waiting lists for operations and other treatment in Wales. He insisted that it was the duty of ministers to see that "something is done" to meet representations now being made not just by Labour MPs but by the presidents of the Royal College of Physicians, the Royal College of Surgeons and the Royal College of Obstetricians and Gynaecologists.**

Mr Ian Grist, **Under Secretary for Wales, recalled that Mr Foot had been a senior member of the last Labour Government when the NHS had "stumbled to its knees."**

***He stressed that the extra* resources which the present Government had provided was reflected in the fact that the number of in-patients had increased by 84,000 and the number of out-patients by 76,000.**

Labour seeks assurances on BBC reporting rights

BY IVOR OWEN

LABOUR MPs called for assurances in the Commons yesterday that legal action taken by the Goverment to prevent the BBC referring to present or past members of the security services does not inhibit it reporting proceedings in Parliament.

Mr John Morris, shadow Attorney General, referred to the well known fact that Mr Peter Wright, an ex-MI5 agent, is the author of the book Spycatcher and suggested that if, through reporting his words, the BBC were to face an action for contempt of court it would amount to "a grave incursion" into the liberties of the House.

There were protests from the Opposition benches when **Mr Bernard Weatherill**, the Speaker, refused to rule on a "hypothetical question," but he stressed that there would be a further opportunity to discuss the matter today.

He also promised: "As far as I am concerned I shall ensure that the rights and privileges of this House are upheld."

Mr Frank Dobson, Labour's shadow Leader of the House, emphasised the deep concern, which he believed was shared by the "quieter people" on the government benches, over what was a potential invasion of the liberties of the Commons on a scale not previously witnessed this century.

He urged the Speaker – who rejected an application by Mr Morris for an emergency debate on the issue – to reconsider his decision today if by then there had been no further developments "favourable towards freedom of speech."

The Speaker told him: "I will reflect on what you have said. We will see what happens tomorrow."

Mr Morris argued that an emergency debate would give the "trigger-happy" law offficers of the Crown an opportunity to explain why they had sought the injuction preventing the BBC beginning on Friday last a series of Radio 4 programmes on the role and accountability of the security services.

More importantly, he said, it would also enable the House to discuss the role played by Mrs Margaret Thatcher, the Prime Minister.

Mr Morris suggested that the letter written by Sir Patrick Mayhew, the Attorney General, to the BBC following the exchanges in the Commons on Friday indicated an awareness in "high places" that the Govern ment had gone too far.

Questioning what had motivated the Attorney General in seeking the injunction, he asked if he had been trying to "plug the dam" so that the Govern ment did not face further charges of inconsistency in its handling of the legal proceedings aimed at preventing the publication of Spycatcher. Or had there been "something substantive" in the programmes the BBC had planned to broadcast?

Mr Morris also asked if it was the Government's considered view that allegations of "illegal and subversive action" must never be published "without first informing the proper authorities."

Mr Dennis Skinner (Lab, Bolsover) contended that as a result of the injunction secured by the Attorney General the BBC was no longer able to discharge its obligation to provide a fair and balanced report of proceedings in the Commons.

The Speaker said it had never been part of his responsibilities to tell the BBC which part of the proceedings of the House should be broadcast.

Mr Max Madden (Lab, Bradford W.) urged the Speaker to take account of the fact that only his action in granting an emergency debate would require the Prime Minister – as the minister with overall responsibility for the security services – to answer the charges that had been made.

THE BBC yesterday gave notice of its intention to appeal to have the injunction preventing the broadcasting of the radio series My Country Right or Wrong set aside, writes Raymond Snoddy.

The Corporation said it had given the required 24-hours notice to the Treasury Solicitor that it intended to appeal to have the injunction obtained by the Government last week either discharged or varied.

The news that the BBC plans to take legal action to try to set aside the injunction and broadcast the series as soon as it is legally free to do so came after a two-hour meeting between BBC executives and Rear-Admiral William Higgins secretary of the Defence, press and Broadcasting (D-Notice) Committee.

Mr John Wilson, BBC controller of editorial policy and Anne Sloman, producer of the radio series which contains interviews with former MI5 officers, gave Rear-Admiral Higgins more details of those interviews.

The BBC did not however give the D-Committee secretary transcripts of the programmes.

The BBC said last night that as a result of the meeting Rear-Admiral Higgins was "even more reassured" about the programmes although he wanted more time to consider a complex issue.

The BBC case has always been that the purpose of the programmes was to discuss the role of security services and their political supervision and accountability and that the BBC was concerned throughout not to breach national security.

Glasnost demanded on the home front

WHILE MRS Thatcher was at Brize Norton yesterday lecturing Mr Gorbachev about civil liberties in the Soviet Union, Labour MPs were in uproar in the Commons demanding a little bit of *glasnost* on the home front.

There was a concerted attempt by the Opposition to represent the Government as a juggernaut crushing the ancient liberties of Parliament and people by obtaining High Court injunctions preventing the BBC from carrying the radio programme My Country Right or Wrong. This featured interviews with past and present members of the security service.

That verbose legal phrase, The High Court of Parliament, was employed by Labour spokesmen to add gravitas to their pleas to the Speaker, Bernard Weatherill.

"It is very important and you are the guardian of the liberties of the House," John Morris QC, a former Crown Court Recorder and now Labour's chief legal affairs spokesman, told the Speaker.

PARLIAMENTARY SKETCH

Mr Morris carries with him the fusty atmosphere of bewigged courtroom courtesy. But he was soon superseded by the bearded Frank Dobson, Labour's shadow Leader of the House, who looks more and more like an Old Testament prophet come to scourge the Government for its sinful ways.

There was also a touch of Christmas panto as some of Labour's more colourful characters got into the act. And who better to play the pantomime horse than that well known knockabout couple Andrew Faulds and Tony Banks?

The performance of these two, who sit side-by-side on the backbenches, has now become so polished that they feed each other lines of dialogue with perfect timing.

With the touchiness born of his career as a professional actor, Faulds was rather put out when one of his colleagues, John Home Robertson, raised a complaint about a Scottish Bill.

Eventually the Speaker, in the festive spirit, called Mr Faulds "as it is nearly Christmas."

"You can see him at Selfridges this week as well," quipped Banks.

"I hope this young pup isn't referring to you Mr Speaker," retorted Faulds.

His case was that under the sweeping terms of the Attorney General's injunction, the BBC would have to introduce a "bleep" instead of giving the name of that funny chap in a broad-brimmed Aussie hat who appears on our screens every time there is another episode in the endless courtroom saga of the Spycatcher book.

Throughout these exchanges the Leader of the House, John Wakeham, sat silently on the Government front bench resisting all Opposition invitations to rise and clarify the position on whether the Beeb would be within its rights in publishing any parliamentary reference to past or present members of the security services.

With all this excitement Labour's Tam Dalyell did not have much success when he protested that last Thursday Tony Marlow, one of the Tory barrackers below the gangway, had called Labour Leader Neil Kinnock "a twerp." The dictionary definition of this term is "an unpleasant, objectionable, foolish or soft person (rarely female)."

For some reason Tam did not raise the other insult recorded in Hansard for that day when Marlow bawled at Kinnock: "Get on with it you redheaded windbag."

Earlier yesterday day there was an intriguing exchange when from the Conservative benches Harry Greenway protested about the anonymous attack on the Archbishop of Canterbury in Crockfords.

For one tantalising moment it seemed that Michael Alison, who answers for the Church Commissioners, was going to reply and tell all. But the Speaker ruled it out of order.

So the identity of the mysterious cleric who penned the offending article joins the ever increasing pile of secrets that may never be revealed to the public.

JOHN HUNT

Poll tax payment figures for poorest challenged

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

SOME OF the poorest members of society will have to pay at least 25 per cent of the new community charge or poll tax, rather than the 20 per cent claimed by the Government, a Labour MP claimed yesterday.

Mr Nigel Griffiths (Edinburgh South) said that ministerial figures provided in response to parliamentary questions have revealed that even senior citizens on basic retirement pensions will have to pay between 25 per cent and 41 per cent of the community charge.

Mr Griffiths claimed that the higher payments would be because only part of the charge would be subject to rebates. The community water charge would be treated differently and it would not qualify for any rebates.

He said that, as a result, pensioners on basic retirement pensions would have to pay at least 25 per cent of the poll tax. He pointed out, for example, that pensioners on full rebates served by the Orkney Islands council faced paying a "staggering" 41 per cent of their total community charge liability.

He added: "These figures show that the Government's rebate scheme is a sham. The poorest people who pay nothing now are being deceived into thinking that they will now have to pay only 20 per cent. Many people receiving 100 per cent rebates now will have to pay up to £107 community charge in some parts of the country.

"While prisoners will pay nothing, pensioners will pay through the nose; private nursing homes will be exempt but nursing students will not."

Mr Griffiths said that the reason that so many councils had higher than average rates had little to do with overspending. Ratepayers had been penalised the most for eight years in areas where the Government had cut back hardest on grants.

If the Government continued to cut, he added, the community charge would soar just as the rates had done in Tory and Labour authorities alike.

BP share deals announced by Lamont

BY THE close of business on December 3, the Bank of England had agreed with 253 investors to purchase for 70p each 72,233 part-paid BP shares issued at £1.20, **Mr Norman Lamont**, the Financial Secretary to the Treasury, told the Commons last night.

MANAGEMENT: Small Business

Why France has become more risquée

Charles Batchelor examines the country's growing, but not universally supported, promotion of the enterprise culture

THE FRENCH may have lent the English their term for an enterprising small businessman - *entrepreneur - but for much of* the period since the Second World War France was as negligent of its small firms as its ancient rival across the Channel.

In the past few years, however, the French have made a determined effort to foster enterprise. Small and medium-sized businesses – which they define as companies employing up to 500 people – have become the focus of increased government interest and there has been a radical redirection of industrial policies.

With the older, large-scale industries under pressure from foreign competition, small firms are recognised as having more flexible managements, of being more capable of adapting to changing demand and of investing where gaps open in the market.

Despite the problems they face in raising capital, funding research and gaining access to public sector contracts, small firms achieve a higher level of added value than do large companies. While the level has been under pressure in the recent economic climate, small firms suffered a fall of less than one percentage point to 37 per cent between 1978 and 1985 while large firms lost nearly four points to 33 per cent.

Just how important the sector is to the economy can be seen *from the numbers of small firms.* Of the 2.4m companies registered in France, 1.5m are sole traders, 855,000 employ between one and nine people, 146,000 have between 10 and 499 employees and just 2,213 - under 1 per cent by number - employ more than 500 people. Together the small and medium sized companies account for 66 per cent of the French workforce.

Throughout the 1970s and the early 1980s French industrial policies failed to distinguish between the small-to-medium and the larger firm. Subsidised loans and grants to industry spiralled.

"By 1985 half of all industrial credits were being granted at special rates," notes Marc de Scitivaux, a senior adviser at the Industry Ministry. In that year a start was made on reducing the volume of subsidised lending to more modest levels and it is now *largely reserved for the small* firms sector.

The aid for industry programme, which reached FFr86bn ($15.3bn) in 1986 was also directing support mainly at sectors such as automobiles, steel, chemicals and shipbuilding where large companies predominated. These programmes were also stopped.

"We realised that our general policies for aiding industry were in fact going only to the big companies," says de Scitivaux. "We decided on a major break in our approach to industry."

The past 18 months, since the conservative government of prime minister Jacques Chirac came to power, have seen a host of new measures, many aimed at encouraging new start-ups.

Tax-free investment

To encourage risk-taking, investors are allowed to set against tax up to FFr100,000 of any losses they make on start-up companies, while from next month – under a scheme similar in some respects to the British Business Expansion Scheme - an investor can make a FFr10,000 tax-free investment in a new enterprise.

Research and development aid *has been redirected towards* small firms. Two thirds of the aid budget of the national research agency – ANVAR – had previously gone to large firms but it is now concentrating assistance, which is expected to amount to FFr950m in 1988, on *the smaller firm.*

The government is also reducing red tape which is estimated to weigh five times more heavily on the small company than on the large. This ranges from halving the number of questions on documents needed to create a new company to removing the requirement for companies employing fewer than 10 people to seek labour office approval for redundancies.

But the change in attitudes had already begun under the present government's socialist predecessor. The Second Marche was created along the lines of London's Unlisted Securities Market and legislation introduced to encourage venture capital and management buy-outs.

France now vies with the Netherlands for the position of the largest venture capital market in continental Europe with an estimated FFr8bn invested by 76 funds by the end of 1986. The number of funds is expected to increase to about 90 by the end of this year.

The French venture capital industry was given a boost by the arrival of a number of the more innovative Anglo-American funds in the early 1980s. But it remains dominated by the French banks which do not take a "hands-on" approach to many of their investments and which concentrate on development capital rather than venture capital, says Olivier Millet, editor of Capital & Entreprise, a venture capital magazine.

The liberalisation of the French financial markets has produced some indirect benefits for the small firms sector. The development of a large corporate bill market in recent years has *enabled companies to reduce* their dependence on bank lending. The banks in turn have been forced to seek new markets by diverting some of their efforts to small firms.

This has helped to reduce the gap between what the better *small companies and their larger* counterparts pay for their finance from 2.5 points in the mid-1980s to about 1.5 points now, says Jean-Pierre Aubert, president of CEPME, the state-owned finance bank for small firms.

But he still feels more should be done by the French banks to help the smaller firm. "If you want these businesses to be successful they mustn't pay too much more than the larger companies for their funds," he warns.

This awakening of government enthusiasm for *small firms has* been paralleled by a change in public attitudes towards small business and *self-employment.*

Bernard Tapie, an unconventional French businessman who over the past decade has built up a sizeable business empire by revitalising failed companies, is seen by many as the archetypal new entrepreneur. He is credited with popularising the enterprise culture by his prime-time television shows.

Further evidence of change came in the November edition of the French business monthly L'Expansion with a poll showing *that an overwhelming* 63 per cent of 18-to-25 year-olds thought the successful businessman was someone to be admired.

But this new-found enthusiasm for small business is not shared unreservedly by all sectors of the business community. *The Patronat, the French* employers' organisation, is concerned that too much attention is now being paid to the smaller company at the expense of the large.

"We should not put too much emphasis on the special prob*lems of small firms,*" *warns* Armand Lepas, the Patronat's director of general economic affairs. "The patrons of the small firms often believe their problems are special and maybe 5 or 10 per cent of them are but the rest are the problems of all businesses. When people call for them to be given political priority we must be careful. The smaller company does not live cut off from the general problems of France."

Nevertheless the Patronat has set up a special commission to look at the problems of small companies.

Despite the change in mood and the government's determination to reverse the years of neglect of small business formidable problems remain.

The owner-managers of many small companies set up immedi*ately after the war* are approaching retirement but a plunge in the French birth rate in the early 1930s has left an acute shortage of experienced men in their 50s to follow on.

The government's enthusiasm for venture capital and the man*agement buy-out is due in part* to the need to secure the successful transfer of these companies to younger teams of owner-managers. The buy-out has yet to catch on in France, however, and the problem of finding new owners for an estimated 30,000 *small firms remains.*

The French are also concerned (like the British) that their education system is not sufficiently oriented to the technical and management subjects required to renew the economy. Efforts are being made to upgrade the train*ing of apprentices but France* still looks enviously across the Rhine at West German standards of craft training.

The problems small firms face in competing for public sector contracts are under review too. The government expects to *announce* a series of measures shortly which will make it easier *for* the smaller business to win public tenders.

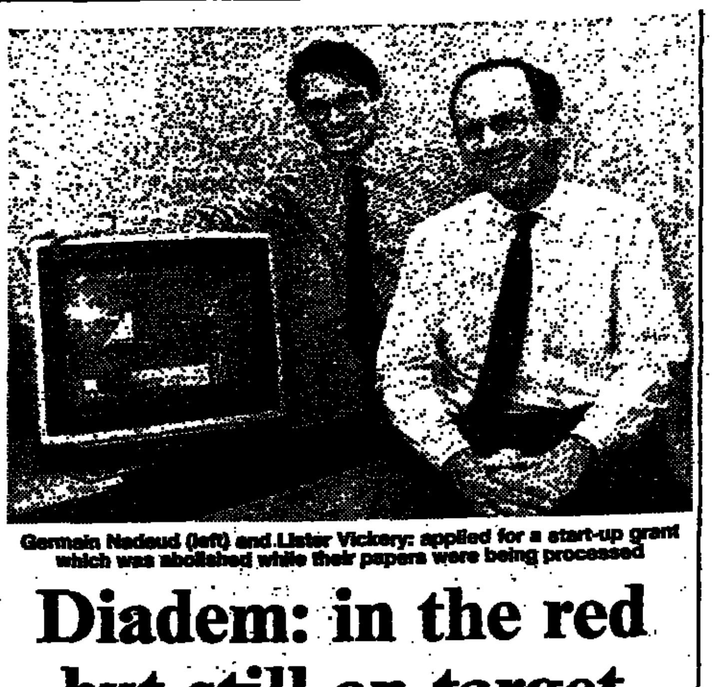
In their efforts to improve the conditions for small business the French show a surprising openness to foreign ideas. Ths US, Japan, Italy, the UK and Germany have all been looked at closely to see what lessons can be learned.

Awareness is recent

And the welter of activity appears to be having an effect. The rate of new business starts has increased from around 73,000 a year in 1980 to more than 100,000.

Yet, in the most detailed (and as yet unpublished) government study of the small firms sector, the Industry Minister, Alain Madelin, acknowledges that there is still some way to go.

"Our awareness of the impor*tance of these businesses is of* more recent date," he writes. "Small industrial firms are one of the major trump cards – unfortunately one we do not appreciate enough – of French industry. We must value this card more highly."



Germain Nadeud (left) and Lister Vickery: applied for a start-up grant which was abolished while their papers were being processed

Diadem: in the red but still on target

PATCHY, is Lister Vickery's verdict on the French government's efforts to make life easier for the small businessman. The taxman seems to have got the message and made a recent VAT repayment in just 10 weeks but Customs and Excise had proceeded with agonising slowness to clear some equipment needed for a US exhibition.

"It has got better in some places," says Vickery, managing director of DIADEM, which has devised an electronic page make-up system which allows the creation of complex displays of colour graphics for magazines and newspapers.

The system was the brainchild of Germain Nadaud, a graduate of Insead, the international business school south of Paris, where Vickery is an affiliate professor. Nadaud, who is in his mid-20s, and two other students began working on their idea in 1984 but after a few months called in Vickery to advise and help them write a business plan.

With FFr500,000 of their own money and FFr2.3m of venture capital funding from contacts of Vickery's earlier years in the venture capital business, the small DIADEM team has been preparing the product for market. The company now *employs a total of eight* people, including the directors, and is based in St-Denis, an industrial suburb to the north of Paris.

Sales of demonstration systems produced a small loss on FFr3m of turnover last year but turnover is expected to take off in the current year (ending June 1988) to FFr17m. The company will still be in the red but more *significant,* according to Vickery, is the fact that it is keeping to targets, making regular reports to its financial backers and keeping costs below budget.

***In the early stages* DIADEM took up regional grants totalling FFr190,000 to help finance the services of outside consultants. The grants met 80 per cent of the cost of market research in West Germany and helped pay for design work on the system's work station.**

The company also applied around the same time for a regional start-up grant but in the two to three months it took for its papers to be processed the grant had been abolished.

Vickery says there have been no major set-backs but their hopes that a large French textile company would take the system were dashed when the textile group was forced to restructure and disbanded its creative graphics team.

DIADEM has also run into a common problem for a new company hungry for start-up business – the slowness of potential customers to convert interest in the product into firm orders. "It takes a lot longer to get going than you think," notes Vickery. "Customers may be wildly enthusiastic but they won't sign right away."

Production priorities

SMALL MANUFACTURING businesses employing fewer than 200 people face major *problems* in managing their production operations but get very little help from government support schemes, a recent study* reveals.

Typically, these companies, which have lost their early dynamism and settled on a plateau of activity, have small management teams of three or four people. They often lack professional skills yet have to tackle a wide range of problems in the areas of stock, production, quality control and personnel.

The individual who has become production or works manager will usually have done so because he or she was the longest-serving or best person on the site but will have had no management training.

These people do not anticipate problems but take a pride in sorting out difficulties as they arise without ever being aware that they might be able to work more effectively.

The people to whom they *do turn for help* are *often* unable to provide effective advice. The senior manager or director on site probably suffers from the same limitations as the works manager himself; consultants demand high fees and may lack small business experience; while government agencies tend to deal with the areas for which they have been allocated funds rather than look at the company's overall situation.

What is needed is for any adviser called in to help to take a broader view, the researchers urge. The business as a whole should be analysed, its defieciencies listed and priorities established for dealing with them. Once help has been provided it should be and evaluated.

The researchers also suggest the wider use of the secondment of students to bring fresh ideas to small companies and of schemes to share experienced outside executives in fields such as quality control.

The right approach has important implications for employment since small businesses of this type account for half of all jobs in the manufacturing sector, the study notes.

****Production/operations issues in small manufacturing business: some problems of plateau companies. Roy Staughton, Warwick University and Sandy Watson and Alan Younger, Hatfield Polytechnic.***

CONTRACTS

£15m orders for Walter Lawrence

WALTER LAWRENCE CONSTRUCTION has been awarded contracts worth £15m. Walter Lawrence City & Southern will undertake extensive refurbishment and fitting out of 85 Fleet Street, London EC4, on behalf of Reuters at a cost of £2m. Servite Homes has placed a £2m contract for a sheltered housing scheme in London SW16 and a £1.7m contract from Newman Churches Docklands covers a development in London E6, which will include a church, two halls, an office, shop, and youth room together with a children's centre.

In Norwich, Walter Lawrence East Anglia is to build 30 houses and two shop units for Norwich City Council at a cost of £1m and 30 dwellings in Peterborough for Anglia Secure Homes for another £1m.

A £4m contract in Reading has been awarded to Walter Lawrence Western by Rockfort Land which will include 22 flats and offices and a £1.6m scheme for shops, offices and flats in Bristol for ARC Properties. Walter Lawrence is also in the progress of constructing a £600,000 sports hall at Marlborough College, Wiltshire.

North Sea pump order

MATHER AND PLATT MACHINERY UK, the newly-acquired division of Weir Pumps, has secured an order to supply crude oil transfer pumps, water injection pumps and associated boosters for the Veslefrikk project in the Norwegian sector of the North Sea. The order was obtained from Frank Mohn A/S, which has won a contract, worth over £4m, to provide pump systems for Veslefrikk. Frank Mohn A/S will also supply a Mars gas turbine made by Solar Turbine, of San Diego. Three 6in/8in seven stage barrel casing pumps will transfer crude oil onshore from Veslefrikk for the Norwegian state oil company, Statoil. The motors are 'Ex e' units, designed to give increased safety in the hazardous conditions experienced offshore. In service each unit will absorb 1130KW of power and supply over 1000 US gallons per min at 1682 PSI. An 8in/10in three stage barrel case pump, manufactured in the duplex stainless steel Zeron 25, will inject sea-water into the well formation from the same platform to enhance the yield of oil from the wells. The full package will be designed, assembled and string tested by Frank Mohn A/S at its Norwegian plant.

Paper machine drives

In recent months, **ASEA STROMBERG DRIVES**, Finland, has booked a number of important orders for paper machine drives. The total value of these orders is approximately £11m. The orders are primarily associated with three major projects in the Kymmene Group, the first being received from Kymmene's West German subsidiary, Nordland Papier GmbH, where Asea Stromberg Drives will supply the drives for a new coating line to be installed in its Dorpen Mill.

This was followed by an order for the drives for a fine paper machine to be installed in Kymmene's Kuusankoski Mill in Finland. At about the same time, Asea Stromberg Drives received the largest of the three orders, namely a contract for the supply of the drives for the new LWC paper mill being built by Kymmene's British subsidiary, Caledonian Paper, at Irvine, Scotland.

All these drives incorporate full digital microcomputer controls and are designed for automatic control room operation.

Major computer upgrade

Nuneaton and Bedworth Borough Council has contracted with **HONEYWELL BULL** for a major upgrade to its computing operations involving two advanced technology DPS 7000 mainframe systems and a DPS6/410 (DPS6 Plus) small computer recently launched on the UK market. The contract is worth £825,000 including new application software.

Nuneaton and Bedworth has been a Honeywell user since 1982 when the Council installed a DPS7 computer, the predecessor to the latest DPS 7000. The need for increased capacity stems from new housing benefit legislation and a requirement for increased terminal availability up to 250 terminals and micros.

The resilience and performance which come from twin-processor operations, the protection of investment to date in equipment and software, and the need for new DLO software for running on the DPS6 Plus computer to assist with tenders are added reasons for major new investment by the Council in information technology.

Nuneaton and Bedworth Borough Council now have in place a long-term strategy for information technology development. Current applications include a versatile financial system known as MAFIA, the use of automatic teller machines for payment of rates and other dues outside office hours, and apackage for running booking and accounting functions for sports and recreational centres. Housing benefit and community charge applications are scheduled for implementation in the near term. The first of the new computers is scheduled for installation in May 1988.

Shopping centre services

The Midlands branch of **SULZER (UK) BUILDING SERVICES** at Halesowen is undertaking a £1m contract awarded by Tarmac Construction of Harpenden. It is for the design andinstallation of mechanical electrical services in the new Peacock Place Shopping Centre at Market Square, Northampton.It is a retail development for St. Martins Property Corporation, on three floors enclosed under a glazed roof.

The installation includes air conditioning, heating, ventilation, domestic services, plumbing, fire protection and the complete electrical installation which will be undertaken in association with the Birmingham branch of N G Bailey & Co.

An unusual feature of the design is the provision of a central heat pump system serving 15 separate reverse-cycle heat pumps to air condition the malls. Each shop unit also has a flow and return mains to the main heat pump circuit to provide air conditioning under local control. Completion is scheduled for Spring 1988.

Protection for ships' tanks

In an unusual international partnership, the cargo tanks of five new 40,000 tonne product carriers have recently been coated with Camrex tank linings in a contract worth more than £1.5m. The vessels, designed as all-cargo tankers, are operated by Greek and Yugoslav companies. Four of the ships were for the Varnarima Corporation of Greece and the other for the Yugoslavian State Tanker Company, Yugo Tankers. They were all built and coated at the Yugoslav State shipyards at Split, Yugoslavia.

Camrex won the two-year contract against competition from four other international suppliers. The coatings used were Camkote EP and Camkote N3. Camrex is the Anglo-Dutch manufacturer of specialised coatings for the marine and civil engineering industries. The contract was supervised by personnel from the Washington, UK plant and its Dutch plant at Fijnaart

FT LAW REPORTS

ITC copy documents are unprotected

SHEARSON LEHMAN BROTHERS INC AND ANOTHER v *MACLAINE* WATSON & CO LTD AND OTHERS, AND INTERNATIONAL TIN COUNCIL

House of Lords (Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Griffiths, Lord Oliver of Aylmerton and Lord Goff of Chieveley): December 3 1987.

OWNERSHIP of documents transmitted to third parties by ITC employees in the course of their employment passes to the recipient unless the employee acted without actual or ostensible authority; and accordingly, such documents are not inviolable as part of the ITC's archives, but may be admissible as evidence in legal proceedings.

The House of Lords so held when dismissing an appeal by the International Tin Council (ITC) from a Court of Appeal decision as to the inviolability of copies of ITC documents proposed to be used as evidence by both sides in an action by Shearson Lehman Bros Inc and others, against Maclaine Watson & Co Ltd and others.

LORD BRIDGE said that an action arising out of the collapse of the ITC commenced before Mr Justice Webster on June 8 1987. The plaintiffs were sellers and the first two defendants were buyers of tin under a contract entered into before the collapse.

The ITC obtained leave to intervene in the action, to claim that a number of documents, proposed to be adduced in evidence, were rendered inadmissible by article 7(1) of the International Tin Council (Immunities and Privileges) Order 1972.

Article 7(1) provided: "The Council shall have the like inviolability of official archives as... is accorded... a diplomatic mission".

The objection to production of the documents was opposed by all parties to the litigation.

On June 29 Mr Justice Webster, deferring the question of admissibility of evidence, gave a number of "rulings" on questions of law. Neither side was content with those rulings, and both appealed (see *[1987] 2 FTLR 464*).

The Court of Appeal made no order on the appeal or cross appeal. No doubt the intention was that the matter should go back to Mr Justice Webster, leaving him to extract and apply the propositions of law to be found in the Court of Appeal judgments.

For purposes of the present appeal the parties set out 13 agreed assumptions of fact which included:

1. An ITC document was supplied to a third party with or without ITC consent by an ITC member, its representative or its adviser.
2. An ITC document was supplied to a third party by an ITC officer or employee with actual or ostensible authority, or without any authority.
3. The document was supplied to a third party to reassure it as to the ITC's financial position.
4. The document was supplied to a third party in connection with ITC settlement negotiations after it became unable to meet its debts.

The appeal was not concerned with documents held by the ITC. The categories in the assumed facts were held by third parties. The central question was whether the documents in each category "belonged to" the ITC.

The ITC submitted that all documents relating in any way to its business, which originated within the ITC and belonged to the ITC, retained that character unimpaired when they were communicated to constituent members or their representatives.

Mrs Higgins for the ITC argued that in the conduct of its internal affairs the ITC could not be treated as distinct from its members.

That was conclusively refuted, for present purposes, by article 14(1) of the 1972 Order. Article 14(1) provided that "Except in so far as... immunity is waived by the... member country..., representatives of member countries... shall enjoy... (b) while exercising their functions... the like inviolability for all their official... documents as is accorded to the head of a diplomatic mission".

The phrase "all their official papers and documents" related to documents *of* the member country. It was the member which enjoyed inviolability, not the ITC.

It followed that once a document had been communicated by the ITC to a member or its representative the article 7(1) protection ceased to apply.

The documents in category 1 of the assumed facts [ITC members, their representatives or advisers] were therefore not rendered inadmissible as claimed.

Inviolability of categories 2 to 13 of the assumed facts depended on authority.

If an individual communicated a document to another in the absence of any relationship of lender and borrower, bailor and bailee, or principal and agent, the ordinary inference must be that property in the document passed to the recipient.

In the case of a body such as the ITC which could only act through an agent, there was no reason why the same inference should not be drawn in respect of any communication which its agent had authority to make.

Accordingly, a document communicated to a third party, by an ITC officer or employee with actual or ostensible authority, no longer belonged to the ITC and so no longer enjoyed inviolability as part of the official archives.

As to ostensible authority, the question was whether a limitation on actual authority prevented the document becoming the property of the recipient notwithstanding he was unaware of any lack of authority.

In the real world, business would come to a standstill if persons who received documents from clerks or secretaries, acting in the course of their employment, were not entitled to assume that those documents were sent with the employer's authority.

If that were true of the ostensible authority of staff in such humble grades, it must be equally true of staff at higher levels.

Thus the very fact that an ITC employee was acting and known to be acting in the course of his employment in communicating documents to a third party would be strong *prima facie* evidence that he had at least ostensible authority to do so.

To rebut the inference from that *prima facie* evidence it would be necessary not only to prove absence of actual authority, but also to show something in the circumstances of the transaction, sufficient to put the recipient on enquiry that the employee might be acting without authority.

It was beyond argument that an ITC employee authorised to approach a third party to reassure him of the financial stability of the ITC, or to conduct negotiations for a settlement [categories 3 and 4 of the assumed facts], must thereby have been clothed with ostensible authority to supply any documents to the third party which might assist in promoting the authorised purpose.

The protection which article 7(1) provided was expressed by the word "inviolability". An infringement of the protection must amount to violation of the protected documents.

It would surely be a misuse of language to say that a protected document had been violated because an ITC officer supplied it to a third party without authority, unless the recipient was or ought to have been aware of the absence of authority.

The inviolability conferred on the archives and documents of a diplomatic mission could not have been intended to protect the mission from the consequences of staff errors.

Concessions by the parties excluding dishonesty, loan, bailment or agency as the basis of the original transmission to any third parties necessitated the assumption that the original transmission, whereby all the remaining categories of documents passed out of ITC possession and control, was effected by ITC employees acting in the course of their employment.

That led back to the conclusion that in every case the determinative question was whether the original communication was authorised.

Those conclusions seemed to go a long way towards shutting the door on the ITC's claim to exclude admission of the documents. The only live issue which seemed to remain for decision by Mr Justice Webster was whether any particular document was communicated without authority, actual or ostensible.

The appeal was dismissed and the cross appeal allowed. The matter was remitted to Mr Justice Webster to determine the admissibility of the disputed documents. Their Lordships agreed.

For the ITC: Nicholas Chambers QC, Rosalyn Higgins QC and Peter Irvin (Cameron Markby).

For Maclaine Watson and other defendants: Sydney Kentridge QC, John Higham and Adrian Hughes (Allen & Overy, Clyde & Co and Linklaters & Paines).

By Rachel Davies
Barrister

Time is your most precious resource. Factmaster helps you make the most of it.

You'll wonder how you ever managed without it.

Do you...

- spend too much time in unproductive meetings?
- try to carry too much information in your head?
- always seem to be surrounded by notes and unrelated scraps of paper?
- find it difficult to delegate tasks which you feel you can complete better and faster yourself?
- find yourself constantly dealing with minor queries from others?
- feel "lost" without your secretary?
- put off potentially difficult tasks because the information you need is *not at your fingertips?*
- find it difficult to plan holidays well in advance?
- feel that overseas trips are less productive than they should be?
- not enjoy your job to the fullest?

These are all symptons of inadequate personal organisation and task management, resulting in inefficiency, poor performance and lessened job *satisfaction.*

If only half of them apply to your workstyle – you need Factmaster.

Binder
185 mm × 132 mm × 31 mm

Databox
125 mm × 182 mm × 110 mm

What is Factmaster?

Factmaster has three main features:—

The Ring Binder

1. First there is the portable ring binder itself, which allows you to take everywhere only those pages or sections you really need on any particular day. The Financial Times offers you a wide choice of six different top *quality binders to cater for individual tastes and budgets.*

The Printed Sections

2. Secondly there are 6 different printed sections, *which you can use to* load your Factmaster in the way that suits you best:—

Diary Section – includes a full, one year, page-per-day, diary starting any *month you wish. Plus 10 Forward Planners and 5 Staff Holiday tables.*

Travel Section – This section has all the pages needed to plan a business trip. It incorporates: 40 Business Contacts; 40 Motor Running Expenses; 40 Business Expenses; 40 Itineraries; 20 *Route Planners; 22 Travel* Departure and Arrival Checklists.

Task Management Section – The Financial Times' own practical and highly efficient time management system. Includes *15 Priority Indexes;* 5 Work Load Charts; 50 Task Overviews; 130 Sub-Task, Action Plan, Timetables.

Analysis/Private Investments Section – *Sheets within this section* include 45 Analysis; 20 Graphs-Metric; 20 Graphs-Inches; 15 Logarithmic Scales; 36 Shares; 25 Overseas Investments; 5 Records of Insurance; 11 Summaries.

Address/Notes/Staff Section – This section consists of: 4 Business Christmas Cards; 4 Personal Christmas Cards; 4 Business Gift Records; 4 Personal Gift Records; 36 Address/Telephone sheets; 149 Notes sheets; 19 Staff Records.

Each of the above sections contain at least 180 leaves and should last you a full year.

Starter Pack – The Starter Pack consists of all the main tabs for use in the binder, and a number of pages to provide an introduction to them, 14 International City Centre Maps; London and UK maps; plus blank tabs with *labels for your own section headings;* and all the basics you need to operate a full task management system.

The Desk Top Databox

3. Third is the Desk top Databox full of hard wearing FT pink tabs. Designed to store your completed, spare or alternative pages it is easy to use and highly efficient.

If personal organisers are new to you.

We recommend you buy the **Complete Set** plus the binder of your choice. The Complete Set is the most cost-effective way to buy all the sections plus the Databox. The Starter Pack is simply intended as a once only purchase providing you with all the tabs for your binder and a flavour of the sheets for each of the sections. Remember the other five sections of *sheets will last you a full year and can be stored,* whilst not in use, in the databox, separated by the tabs provided.

When your sections run out.

If you are running short of only one or two sections we recommend you purchase them separately. Alternatively the **Complete Refill Pack** provides a very cost-effective way or renewing all the sections and getting a new databox to start your new year afresh. The old databox can then be used to store all your previous year's notes, diary, etc.. Unlike the *Complete Set, the* Complete Refill Pack does not include the Starter Pack.

Financial Times Business Information Ltd, 7th Floor, 50-64 Broadway, London SW1H 0DB Telephone: 01-799 2002

ORDER FORM

Please send me the following items from the prestigious Factmaster Range:
(complete quantity and value columns below).
I Understand that if I am not totally satisfied with my purchase(s), I may return it within 28 days for a full no questions asked refund. (Not applicable on gold blocked items).

Name (Mr/Mrs/Miss/Ms) (PLEASE PRINT) ____
Company ____
Position ____
Address ____

Post Code ____ Telephone ____ Signed ____

ORDER NOW!
(credit/charge cards)
☎ 01-799 2274 (direct)
or 01-799 2002 (ex. 317)
PLUS – latest up date on deliveries for Christmas.

FOR OFFICE USE ONLY			TYPE OF SECTION PACK (page size 171×90mm)	QTY	PRICE (inc p&p) UK	PRICE (inc p&p) O/S	VALUE £ p
					United Kingdom & Overseas		
DS	08539	2245	Diary Section (see diary start date below)†		£12.95	£13.50	
TS	08540	2250	Travel Section		£12.95	£13.50	
TMS	08552	2355	Task Management Section		£12.95	£13.50	
API	08564	2260	Analysis/Private Investment Section		£12.95	£13.50	
ANS	08576	2265	Address/Notes/Staff Section		£12.95	£13.50	
BT	08588	2270	*Box & Tabs*		£17.25	£18.50	
R	08590	2275	Complete Refill Pack -All above sections (see diary date below)†		£43.45	£45.00	
S	08606	2280	Starter Pack		£20.00	£21.00	
C	08618	2285	Complete Set-less Binder (see diary start date below)†		£55.00	£57.50	
			TYPE OF BINDER (all black)				
DE	08620	2290	Deluxe Soft Leather Zip-up Binder, (gold rings)		£85.00	£86.00	
CL	08631	2295	Classic Smooth Leather Binder, (gold rings)		£75.00	£76.00	
SO	08643	2300	Soft Leather Binder, (gold rings)		£60.00	£61.00	
TR	08655	2305	Traditional Leather Binder, (black rings)		£50.00	£51.00	
BO	08667	2310	Bonded Leather Binder, (black rings)		£25.50	£26.50	
PO	08679	2315	Classic Smooth Leather Pocket Binder, (½" rings)		£70.00	£71.00	
	08527	0883	GOLD BLOCKING (optional extra) — INITIALS ONLY* (Price per set of 4 initials)		£1.50	£1.50	
				Sub Total (excl. of VAT)			
				ADD 15% VAT unless you are outside Great Britain and Northern Ireland.			
				TOTAL AMOUNT			

My cheque for £ ____ is enclosed made payable to FT Business Information Ltd

Please debit my ☐ ☐ ☐ ☐

Card Number ____ Expiry Date: ____

When you have completed this order form please sign, date and return, together with your payment to the address below.

If your billing address differs from your delivery address, please notify us.

Signature ____ Date ____

†DIARY START DATE (if ordered) *(Please state month and year)*	*GOLD BLOCKING INITIALS (if required) MAX. 4

THERE ARE BULK DISCOUNTS AVAILABLE
Please apply for details

The Financial Times GUARANTEE

Every component of the Factmaster system has been designed and produced to the highest standards. *However, if upon inspection you feel our product does not match* up to your expectations in any way we guarantee to send you a total, no questions asked, refund (including return postage and packing) providing it is returned unused within 14 days of receipt. We regret this can not apply to gold blocked articles.

Other items from the Financial Times
(Tick box for further information)

FT Diaries – the world's finest range of business diaries. ☐

The City Collection – a range of luxury leather goods for business and for travel. ☐

Compatible with most other ring binder systems.

If you already own a binder, you can enhance your existing system by using Financial Times sheets. Our 6 rings are a standard size and Factmaster pages measure 171 × 90 mm.

The unique Factmaster Time Management System.

The Time Management section is a powerful tool, guaranteed to keep your projects moving forward on time and according to plan. Programming is simple and logical. Major tasks and objectives are entered into the system in order of priority with start/finish deadline. They are then divided into sub-tasks and entered together with an action plan and timetable. A summary of this information is transferred to the fold-out Work Load Chart so that over-commitments and other danger signs can be identified and your schedule adjusted well in advance.

At the end of each working day, actions for the following day are listed and recorded in the *Diary/Daily Plan* pages. *This is the system's link to the* next day. The progress of all tasks is monitored automatically and new information is entered as it comes to hand.

An investment for life... a pleasure to possess.

As you would expect from the Financial Times, not only is Factmaster an invaluable business aid – it is stylish and elegant in its own right, produced to a quality *which we believe to be far superior to anything else* on the market.

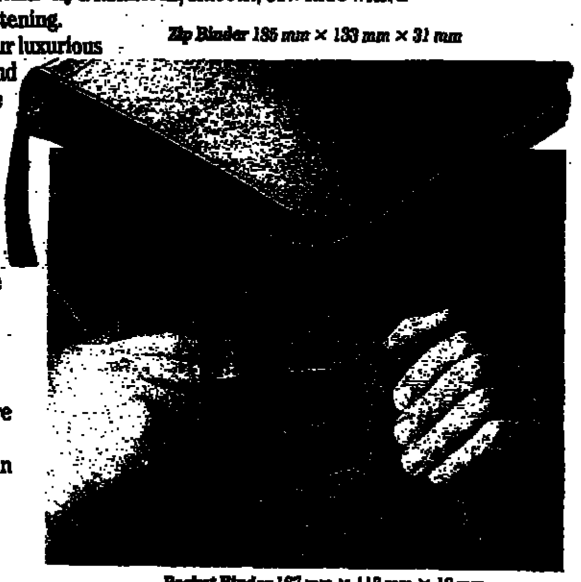
A top quality range of binders

Available in **six different black binders**, only the finest materials and craftmanship have been used throughout. Our superb range of leather binders have been especially created for us by Andrew Soos – a leather craftsman of international repute who also produces goods for Harrods and Aspreys.

If you demand the best, choose the top of the range zip-up binder in superb soft patterned leather, with real gold-plated rings, two front pockets and a pocket in the back with space for credit cards.

The same design is also available without the zip fastening, either in the same soft leather or alternatively a luxurious, smooth, cow hide with a traditional tab- fastening.

Zip Binder 185 mm × 133 mm × 31 mm



Pocket Binder 187 mm × 113 mm × 18 mm

In addition to our luxurious binders, for style and economy, there are Factmaster binders in a more traditional hard-wearing leather or superior bonded leather. These have black rings, one pocket in the front and back and tab fastening.

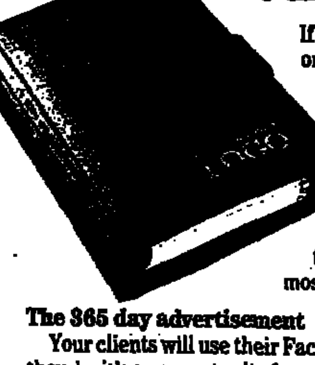
And finally, there is our new slimline *pocket* size binder in smooth black cow hide with real gold-plated rings, and pockets for banknotes and 8 credit cards.

The Factmaster Databox is also an asset to any desk. This stylish black box with elegant gold embossing and hinging is designed to store and organise your completed replacement and spare pages, and comes complete with its own FT pink section dividers.

Personalised with your initials

For a modest additional cost, the cover of your Factmaster binder can be gold-blocked with your initials.

The business gift that means business!



If you are looking for a business gift that is original, practical, highly memorable and reflects the prestige *of your own company,* you've found it!

Wouldn't *you* be delighted to receive an *FT* Factmaster?

You only have to imagine your own reaction to receiving a Factmaster as a gift. to appreciate the impact it would have on your most valued clients and staff.

The 365 day advertisement

Your clients will use their Factmaster many times every day and, each time *they do, it's an opportunity* for you to remind them of you, your company and its products or services.

Your company logo or message, for example, can be gold-blocked prominently on the front cover.

Your own special edition

To create an even greater impact you can include as many of your own advertising or publicity pages as you wish in every Factmaster you purchase.

Increase staff efficiency

What better way to say 'thank you' to key staff (yet help them to perform even better in the future) than by giving them a Factmaster?

Their initials, as well as your company logo, could be gold-blocked on the front and your own special pages included.

Generous discounts available

Factmaster is a highly prestigious business gift and, as such, we realise that you may wish to be selective about who you give one to. For this reason 'bulk' discounts start at as few as 4 complete sets.

FINANCIAL TIMES FACTMASTER

Making the most of your time

Financial Times Business Information Ltd
7th Floor, 50-64 Broadway, London SW1H 0DB Telephone: 01-799 2002

Businesses For Sale

For Sale
The Business and Assets of The London Refurbishing Co. Limited

The company is a leading contract furnisher for the hotel and licenced trade supplying bar, restaurant inc. banquetting, and office furniture. Products are both imported from Rumania and manufactured.

- Turnover approx – £5 million
- Current order book – £1 million
- Freehold premises at March, Cambridgeshire, comprising warehouse, showroom and production facilities, totalling 120,000 sq ft
- Stocks approx £1 million
- Fleet of heavy goods vehicles
- 120 employees

For further information and a brochure please contact the Joint Administrative Receiver Mr A.R. Houghton at

Touche Ross

33-34 Chancery Lane, London WC2A 1EW.
Tel No. 01-405 8799. Tlx No. 261298 TRCHAN G. Fax No. 01-831 2628.

Bronte Limited
(In Administrative Receivership)

Taipak Limited
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above companies as a going concern. The companies occupy leasehold premises of 20,000 sq ft near Keighley, Yorkshire.

Bronte Limited
- wholesaler and distributor of knitting yarns, childrens' clothes and ladies' underwear.
- turnover approximately £842,000 p.a.
- employees 18.

Taipak Limited
- yarn agents and merchants with international contacts handling wide variety of yarns for weaving, knitting and hand knitting.
- turnover and agency commission approximately £316,000 p.a.
- 2 employees.

For further information please contact
M T Dobell, Arthur Young, Barclays House, 6 East Parade, Leeds, LS1 1HA. Tel No: 0532 434844
Telex: 557354 AYLS. Fax: 0532 442241.

Arthur Young
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Brown Jenkinson & Co. Limited
Long Established Liner Agency

The business and assets of Brown Jenkinson & Co. Limited are offered for sale as a going concern by the Administrator, including:
- Annual turnover in excess of £20.0m
- 5 principal agency agreements
- Leasehold premises in East London, and other UK locations
- Sophisticated computer facilities available

Interested parties should contact immediately:– S. J. L. Adamson, CA, Arthur Young, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.
Tel: 01-831 7130.
Telex: 888604 and 262973 AYLO.
Fax: 01-405 2147 and 4610.

Arthur Young
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

ARE YOU A MANUFACTURING COMPANY
with marketing ability, looking for your own products?

Then call Nicholas Bartman at Inventure Link Ltd for information on our Invention Register. 0296 84141

KNITWEAR FACTORY FOR SALE
Varied high quality production capacity 25-50,000 Dozens per annum

Please apply Box H2888, Financial Times, 10 Cannon Street, London EC4P 4BY

SMALL CLOTHING DESIGN BUSINESS FOR SALE
Known to many high street stores. Two current contracts with high stores. *Interesting* Company name. Not expensive.
Replies to: Box H2894, Financial Times, 10 Cannon Street, London, EC4P 4BY

MOTOR ACCESSORIES DISTRIBUTOR
STRATFORD, LONDON E15
MAGENERATOR LIMITED (IN RECEIVERSHIP)

Business and assets for sale.

Established Lucas CAV, AC DELCO agents situated approximately 100 yards from Stratford High Street and about 4 miles from the City of London.

The site is equipped with electrical and diesel workshops, accessories store, sales counter, yard and offices.

Annual turnover approximately £600,000.

For further details contact:
Bill Roberts FCA, Ernst & Whinney, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Telephone: 01-928 2000. Telex: 885234. Fax: 01-928 1345.

Ernst & Whinney
Accountants, Advisers, Consultants

Coopers & Lybrand

For Sale
Leisure and Sportswear Manufacturer
- Well Established Business
- Successful Brand Name
- Leading Designers
- Freehold Site
- Profitable

For further details please write or telephone
SJ PATEY
Corporate Acquisitions & Disposals Service
Coopers & Lybrand, Plumtree Court, London EC4A 4HT
Telephone 01-822 4703 Telex 887470

CORPORATE ACQUISITIONS & DISPOSALS SERVICE

FURNITURE ORGANIZATION - ANDORRA
ANDORRA'S largest furniture store (mainly Danish furniture) - perfectley situated - FOR SALE.
The organization with 12 years of experience is profitable.
The company has since 1985 operated as a limited company (Plc), which as well allows for activities beyond furniture business.
The company owns an apartment complex in Andorra (ANYOS PARK) and one BMW 735 i.
For further particulars, apply to:

HYSSNA INTERNATIONAL LTD.
P.O. Box 60
DK-2920 Charlottenlund
Denmark
phone no.: (45*1) 62 43 10
telefax no.: (45*1) 62 17 32
telex no.: 22464 hyssna dk.

LIMECOURT TRADING LIMITED
IN RECEIVERSHIP
Opportunity to acquire the assets of a road haulage business based near Warwick.
Assets for sale include leasehold property, motor vehicles, trailers and workshop equipment.
Interested parties should contact the Joint Administrative Receiver.

Cork Gully
John F. Powell
43 Temple Row
BIRMINGHAM
B2 5JT
Tel: 021-236 9868
Fax: 021-236 0139
Telex: 337892

Software House For Sale
unique · opportunity

- Genuine reasons for sale provide a unique opportunity to acquire a well-established *software house.*
- Profitable company, located in the South East, specialising in consulting and software development for the industrial, scientific and government markets.
- Turnover in the last financial year from professional services was £1.7m. Cash offers are invited.

For details, principals only should contact sole agent:
Dr. M.C. Faulkes
Rayleigh House 32 High Street
Great Bookham Surrey KT23 4AY
Telephone: 03-725 0402
TRADE DEVELOPMENT ASSOCIATES

Silicon Express Limited
(IN RECEIVERSHIP)

The opportunity arises through receivership to acquire the business, assets and goodwill of this Leicestershire based distributor of computer hardware.
- Turnover for year ended 30 June 1987 – £2.7m
- A number of significant franchise arrangements may be available
- Rented premises

For further information please contact: R J Rees or A C Tyler at Price Waterhouse, Southgate House, 61 Millstone Lane, Leicester, LE1 5QA Telephone: 0533 531981. Telex: 341494. Telecopier: 0533 532697.

Price Waterhouse

BUSINESS FOR SALE
SPECIALITY FURNITURE RETAILER - LONDON AREA - ESTABLISHED 9 MONTHS
Three High Street Outlets (1 Freehold, 2 Leasehold) Estimated Turnover £1M, Forecast Profits £200,000 All Cash sales. Offers considered.

For further details contact M Leskin
Business Brokerage Division
Brownlow House, 50/51 High Holborn
London WC1V 6EG
Tel: 01-405 8411. Telex: 897377

HENRY BUTCHER

COMMERCIAL AND INDUSTRIAL REFRIGERATION FOR SALE - ENTIRE ISSUED SHARE CAPITAL
A group of companies with a combined turnover in excess of £2 million and a work force of 60 employees, including 8 sales staff, engaged in importing, distribution and servicing of commercial and industrial refrigeration and catering as well as related shop fitting and leasing activities. The group is located in London, the South coast and the West Country and has recently been appointed U.K. importers for a major European manufacturer. The group has continuing and profitable contracts with large commercial customers.
The sale is due to the retirement of the controlling shareholder and Managing Director, who will be willing to make their expertise available to the group on a consultancy basis if required.
Only principals should apply for more information by writing to:

Thomas Eggar & Son
8 North Street, Horsham, West Sussex RH12 1BJ.
Reference 89.

ELECTRONICS COMPONENT DISTRIBUTOR FOR SALE OR AMALGAMATION
Long established in the Home Counties this profitable company is well known nationally as a supplier of a specialist branch of electronic components. Annual turnover is in excess of £800k. The company premises offer office, storage and manufacturing facilities interested parties please write in the first instance to:

Douglas Roberts, Box H2905
Financial Times, 10 Cannon Street,
London EC4P 4BY

FOR SALE
SOFTWARE PRODUCTS COMPANY
This company is a Group Member of an International Management Consultancy and has developed an IBM micro based decision support system for dealing with complex fast moving business situations. The development strategy implies its whole or partial acquisition by a substantial systems have or manufacturer with the infrastructure to support high value/high volume sales of a unique product. Current company valuation £500,000.
Contact Gordon Walker, ORRAND BOSS & PARTNERS LTD, 62 St Martins Lane, London, WC2 N4JS

SECURITY
STATIC GUARDING AND MOBILE PATROLS
Long established, operating throughout Greater London. Turnover circa £650,000 increasing including new prestigious contracts, substantial net profits. Goodwill and all operating fixed assets for sale. Senior management willing to continue. Retirement sale.
Write to Box H2906, Financial Times, 10 Cannon Street, London EC4P 4BY

POTTERY COMPANY
Expanding high volume earthenware pottery company for sale.
Please reply to: Box No H2884
Financial Times, 10 Cannon Street
London EC4P 4BY

DIVERCO
Sell Companies Nationwide

SELLERS and BUYERS
Contact in confidence:
DIVERCO LTD.
4 Bank Street,
Worcester WR1 2EW.
Tel: 0905 22303

FOR SALE:
Software company established 1978. T/O £350K. Profit £60K+. In vertical market with own software packages - very good potential
Reply to Box H2900, Financial Times, 10 Cannon Street, London EC4P 4BY

Company for Sale
With controlling interest in small group of pubs, discos etc.
Principals only telephone (0228) 511505

White Knight Sought
For well established Midlands based plumbers merchants. 1987 T/O approx £1.7M with excellent prospects for further growth. Good customer spread. Valuable contracts and clean stock.
Principals only to Box H2899, Financial Times, 10 Cannon Street, London, EC4P 4BY

SPECIALIST CONTRACTORS
In industrial/commercial building & refurbishment. T/O £2mil. N.W. England.
Price £425K.
Phone- Lahey & Co. - Company Sales (0394) 273371

FOR SALE VENDING OPERATION
Birmingham locality, 25 sites, Chilled Drinks, Turnover £35k, Price £7,500 to include machines.
Please reply to Box H2893, Financial Times, 10 Cannon Street, London, EC4P 4BY

WATCH AND CLOCK IMPORT BUSINESS FOR SALE
Due to *Managing Director* wishing to ease up. Well connected and successful - prime city position - might consider merger with go ahead company.
Write Box H2891, Financial Times, 10 Cannon Street, London EC4P 4BY

FLORIDA HOTELS
Ramada Inn 224 rms, Orlando Hotel 111 rms. Approved Hotel sites, Shopping Centres. Joint Venture 392 units.
THE PROFESSIONAL GROUP,
Mr Todd Kendall P.A.,
800 Vanderbilt Beach Road,
Naples, FL. 33963. Phone:
USA (813) 597-7167 Telex: 525486
Fax: (813) 566-8669

Industrial Supply Company South Yorkshire Based
Strong customer base and *product range. Turnover in* excess of £m, healthy profits. Asking price £500,000
Write Box H2898, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE
Major steel building products manufacturer based in Midlands. Turnover in excess of £1.1 million, Profits in excess of £175K. Company holds freehold. Principal vendor shareholder is prepared to stay on a two year service contract.
Enquiries to:
Box H2902, Financial Times, 10 Cannon Street, London EC4P 4BY

Plant & Machinery

FORK LIFT TRUCKS. We have a selection of second hand quality trucks available for immediate sale. All cleaned, inspected, painted and in excellent working order. Price list available on request, but we suggest a personal inspection of our large stock of leading makes. Export enquiries welcomed. Birmingham Fork Lift Truck Ltd., 4-8 Hams Road, Saltley, Birmingham. 021 327 5944/5. Telex. 338723.

Company Notices

PAN HOLDING
SOCIETE ANONYME LUXEMBOURG
As of November 30, 1987, the unconsolidated net asset value was US$ 274,440,549.09 I.E. US$ 392.06 per share of US$ 50 per value.
The consolidated net asset value per share amounted as of November 30, 1987, to US$ 414.15

CORRECTION NOTICE
CREDIT LYONNAIS
US$ 300,000,000 Floating Rate Notes Due 1995

Please read twice May 31, 1988 instead of May 30, 1988 in the notice published on November 30, 1987.

Clubs

EVE has outlived the others because of a policy on fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St., W1. 01-734 0557.

Businesses Wanted

PUBLIC COMPANY SEEKS ACQUISITIONS
We wish to acquire companies in the fields of High Technology - Computer Software, and Energy - Oil and Gas. Acquisition can be done for either cash or a mixture of cash and equity.
Please contact in complete confidence the Company's Chief Executive

Box H2897, Financial Times,
10 Cannon Street, London EC4P 4BY

THINKING OF SELLING A BUSINESS?
A young investor group seeks a stake or control in a company which is under performing or has scope for growth. Neither size or sector is critical but larger deals are preferred. The main criteria is that the business has scope for profit improvement. Intermediaries fully protected.
G Lane Esq., Messrs. Hill Vallacott Chartered Accountants, Hanging Sword House, 21 Whitefriars Street, London EC4Y 8AL Tel 01 353 5282

REQUIRED SHEET METAL AND/OR TUBE WORKING BUSINESS
with £0.25m-£0.75m turnover. Must relocate to our existing site in the West Midlands.
Write Box H2327
Financial Times
10 Cannon Street
London EC4P 4BY

PLC
engaged principally in Electronics, profitable, T/O £4m wishes to acquire or merge with similar.
Write Box H2867, Financial Times, 10 Cannon Street, London, EC4P 4BY

BUSINESSMAN
With substantial cash and strong experience in marketing home and overseas requires a Business with potential or needing revival with creative and positive ideas.
Reply in confidence to:
Box H2904, Financial Times, 10 Cannon Street, London EC4P 4BY.

PLC
in Mechanical Engineering Substantial PLC seeks to acquire new products or businesses in mechanical engineering sector in turnover range £2m. to £20m.
Replies to
Box No. H2895,
Financial Times, 10 Cannon Street, London, EC4P 4BY.

WANTED
Small Engineering or Manufacturing Company with own product.
Replies to
Box No. H2896
Financial Times,
10 Cannon Street,
London EC4P 4BY.

WANTED. MERCEDES BENZ and other quality cars. Company Directors and Transport Managers will be please to talk to Aman Thukral on 01-893 7722

Business Services

Buying or selling a business? We'll cover your risk
When you sell a business or go public you may have to give warranties and indemnities which could render you liable for damages as well as legal expenses, even if you are not at fault.
This liability can be insured under our Warranty and Indemnity Insurance Policy.
For more information contact:

Warranty & Indemnity Insurance
DIRECTORS & OFFICERS LIMITED
Marshall's Court, Marshall's Road, Sutton, Surrey SM1 4DU.
Tel: 01-661 1491 Telex: 8951673 EPISL G
Regional offices: London, Birmingham, Halifax, Glasgow

MIDDLE EAST BUSINESS CONSULTANT
Seeks to be retained by UK/European *Clients will act as representative* on a fixed retained/commission basis, advising on market opportunities through to sales etc. Travels area frequently.
Contact Box F7946
Financial Times, 10 Cannon Street, London, EC4P 4BY.

LIMITED COMPANIES
U.K. and International
Isle of Man & Non-Resident
EXPRESS
COMPANY REGISTRATIONS LIMITED
Epworth House, 25-35 City Rd, London EC1Y 1AA
Telephone 01-588 3271 Telex 887475

CITY COMPUTER AUDITS
Highly experienced computer professionals offer to carry out audits of software projects; to check that they are under control, properly managed and of high quality. Please write to:
City Computer Audits,
5th Floor, 29-30 Warwick Street,
London, W1, or ring:
0734-42079.

ARE YOU A MANAGER or owner of a small established business? Successful businesses are those who invest in training our private enterprize programme could help your business to grow. For further details: Telephone 01-278-0363 Ext 4222

CORPORATE AVIATION For a free report on cost/benefit write to Box H2478, Financial Times, 10 Cannon Street, London EC4P 4BY

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets. Tel: 01-935 2164

Company Notices

Caisse Centrale de Coopération Economique
FF 600,000,000 Guaranteed Floating Rate Notes Due 1993
with warrants to acquire by exchange or purchase up to FF 600,000,000 7 ¾% Guaranteed Bonds due 1993

In accordance with the description of the Notes, notice is hereby given that for the interest period from December 7, 1987 to March 7, 1988, the Notes will carry an interest rate of 8¼ % per annum.

The interest payable on the relevant interest payment date, March 7, 1988 will be FF 221.18 per note of FF 10,000 nominal and FF 2,211.81 per note of FF 100,000 nominal.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

MISR FINANCE (CAYMAN) LIMITED
US$60,000,000 GUARANTEED FLOATING RATE SERIAL NOTES DUE 1989

The interest rate for the six month period commencing 8th December 1987 has been fixed at 8¾%.
Interest amounting to US$1,105.90 per US$25,000 Note will be due on the 8th June 1988 against presentation of Coupon No 6.

HAMBROS BANK LIMITED
Reference Agent

M L Holdings Ordinary p.l.c
Ordinary Shares of 5p
NOTICE IS HEREBY GIVEN that the Transfer Books and registers of Members will be *CLOSED on 21st December, 1987 only.*
By Order of the Board.
J D Loveridge. Secretary

STANDARD BANK IMPORT AND EXPORT FINANCE COMPANY LIMITED
$US 75.000.000 FLOATING RATE NOTES DUE 1991
For the six months, November 30, 1987 to May 30, 1988, the rate of interest has been fixed at 7 15/16% P.A.
The interest due on May 31, 1988 against coupon nr 7 will be $US 403,49 and has been computed on the actual number of days elapsed (183) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

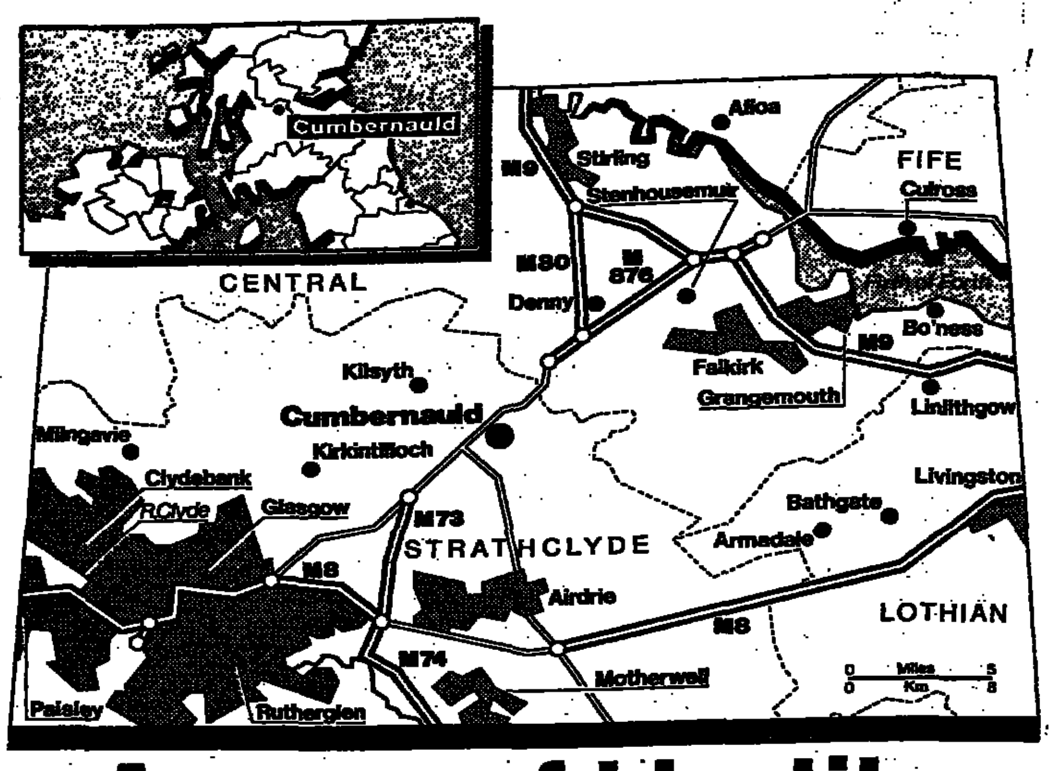
Personal

VENICE
Striking Building unit along "Canal Grande" on sale. It's a flat on main floor of 600 sq m
Tlx No 466855 - Italy
Please reply if really interested

FINANCIAL TIMES

SURVEY

This Scottish New Town is still growing and the community is now able to stand on its own. The ability to attract and develop industry, and so provide modern jobs, is backed by keenly-priced housing. Report by **Robert Waterhouse.**



Inviting the market in

CUMBERNAULD IS Scotland's tenth largest town, bigger in population terms than Stirling or Perth. It is still growing, thanks to a strategic position half-way between Clyde and Forth, plenty of development land and fresh commercial impetus.

After three decades of public investment the running is now being made by the private sector. Scottish New Towns enjoy a privileged national status because, over the years, they have brought better living conditions and the hope of modern jobs to an area losing most of its staple industries.

Cumbernauld, like other New Towns, has known success and failure. But the balance sheet shows 15,000 jobs to the good.

As it heads towards what the Scottish Office calls "wind up", Cumbernauld Development Corporation is busy inviting the market in. The town centre was recently sold off to Dollar Land for an undisclosed sum; corporation-built housing is increasingly owner-occupied, while nearly all new-build housing comes from private developers; a £40m deal promises a luxury hotel and housing beside a championship golf course.

In effect, the development corporation has become a land bank with streamlined planning powers and good contacts at the Scottish Development Agency.

Now the community can stand on its own without a need to touch forelocks to the lairds at the Big House (local patois for the development corporation's elegant period HQ). That view would be acceptable to its chief executive, Mr David Anderson, a former professional soldier who has learnt the art of diplomacy.

"I said when I arrived that the days of the development corporation playing Big Brother are over. "There was an air of paternalism, of we knew best. It's not that people didn't matter - we knew.

"Now that can't be right 30 years on. It may be time-consuming, irritating and boring but it's better to consult, get a view, take people with you. If we're setting out to encourage a more balanced community, we must treat people with respect."

Mr Anderson and his team are hardly on the defensive. The corporation has run a successful awareness campaign in the Scottish media which marks a freshly positive stance

Using children to underline the message of "A new generation", the campaign has helped raise morale in the town. The slogan fitted because Cumbernauld has the youngest average age (31) of any Scottish town.

On the jobs front, Cumbernauld posts a consistently lower unemployment rate than Strathclyde (13.47 per cent in October compared with the region's 17.3 per cent) despite losing the Burroughs factory which once provided work for 4,000. But more people commute out of the town each day, mainly in the Glasgow direction, than stay to work, so Cumbernauld's employment figures do not make a lot of sense on their own.

More important is the town's ability to attract and develop industry. At an international level it is just one sheet of a portfolio offered by Locate in Scotland, the SDA's inward investment bureau.

Cumbernauld is beginning to make a mark with companies such as Oki (who have taken space in the vacated Burroughs factory), Isola Werke and Samtec. It has good-quality new advance units, an area designated for hi-tech manufacturing, and in Carrickstone Park a single 30-acre site available to one prestige client.

Mr Anderson believes that the championship golf course under construction at Westerwood, along with its luxury hotel and executive housing, will provide the touch of style Cumbernauld lacks. The idea already has one enthusiastic adherent in Oki's Mr Hiroshi Kojima, who says he would like to build a Japanese garden at the hotel.

Style or no, existing overseas companies such as JLG Industries, who build mobile hydraulic platforms, have survived by using the skills and commitment of the local workforce to the full. JLG quadrupled their product range to beat recession in the European market.

At a national and regional level, Cumbernauld's central position makes sense for companies like BOC Storeshield, whose sophisticated warehouse is the nerve-centre of Marks & Spencer's food distribution system throughout Scotland.

When it comes to local initiatives, the development corporation has shown an understanding of the needs of both start-up companies like Ecosse Medical and fast-growing, well-established firms like Edward Macbean, both discussed in this survey.

As somewhere to live, Cumbernauld offers a range of keenly-priced new housing comparable with other central belt locations. Where three years ago just two developers operated in the town there are now a dozen.

However, most housing sales to date have been by the development corporation to sitting tenants. About 5,500 former tenants have become owners, bringing the town's owner-occupation level close to 50 per cent, a high figure for Scotland.

One worry here is that young couples looking for starter homes but unable to buy will find nowhere to live in Cumbernauld.

Even after 30 years, it has proved hard to attract the bigger retail outlets to the town, such is the competition from centres like Stirling.

Retail warehousing is planned, and Mr Anderson feels it is up to the new town centre owners to make the breakthrough. As the town continues to grow, an M & S must be on the cards, he suggests.

And grow it will. Mr J.M.Simpson, senior partner in a surveying practice and a development corporation board member, reckons that the original target of 70,000 is now back in sight. That assumes a large input by private builders after wind up of the corporation.

Wind up will start to happen when Cumbernauld's population reaches the trigger point of 54,000 set by government, but putting a date on that is anybody's guess. "You could play the formula until after I've turned up my toes," Mr Anderson suggests. But more seriously, he agrees that his corporation has no God-given right to survival once it is no longer useful.

The corporation is a developer, not a manager. But Cumbernauld still has a lot of growth potential which no doubt will be considered when the Scottish Office makes its planned review of New Towns at the end of 1989.

Meanwhile, progress involves harmonious cooperation with Cumbernauld and Kilsyth District Council. "I am in daily contact with my opposite number, Mr Jim Hutton," Mr Anderson says. This Mr Hutton confirms

The two authorities split responsibilities on cleansing and recreation, for example. In this new era of successful promotion, cooperation and consultation, could there not be just the hint of a conspiracy of silence about the day-to-day problems facing a lively community?

The town is fortunate in having a paid-for weekly newspaper, the Cumbernauld News, committed to reporting the many events, big and small, which happen in the community.

Cumbernauld's Labour MP, Mr Norman Hogg, says he never engages in knocking the New Town, for which he has much respect. He would not, for instance, back any calls for its early wind-up.

But he does point out that he has fought a long, hard and not altogether successful battle for access by press and public to development corporation meetings.

Cumbernauld

A sense of identity

A LINGERING memory of Gregory's Girl, filmed in Cumbernauld, is the town's interminable dual carriageway. These miles of highway carry a 50mph speed limit because pedestrians are not allowed - they have their own footpath system.

Cumbernauld's spaghetti junctions all bear names - such as Jane's Brae, Condorrat or Craiglinn interchanges. There are no traffic lights in town - as Mr J.M.Simpson, a CDC board member and resident since 1959 proudly points out, you can drive to Inverness or London's North Circular Road without meeting one.

Communications - that means mostly roads - take up about 15 acres of land in the designated area, almost three times the space given to schools and nearing two thirds the amount given to industry.

If you have use of a car, nowhere in the town is more than 10 minutes away. The majority don't: in 1986 45 per cent of Cumbernauld's households were not car owners. This figure helps to explain the sense of community which flourishes in Cumbernauld almost despite the roads and the concrete architecture of the Fifties and Sixties.

Each day, about 11,000 people commute out of town to work, while 5,000 commute in. But 10,000 Cumbernauld residents are employed in the New Town, with women outnumbering men.

Most of the town's early population came from Glasgow. Some 60 per cent of households still have origins there, though Cumbernauld itself now claims 20 per cent (compared with nine per cent in 1975) and is way ahead of any other location. And 55 per cent of New Town residents have lived there for ten years or more.

The ties with Glasgow go back way before the New Town to wartime evacuees from Clydebank.

Cumbernauld's MP, Mr Norman Hogg, moved into the town shortly after he won the seat eight years ago. He says: "The community has a strong identity. People enjoy living in Cumbernauld.

"Education provision is excellent, as is recreation, and there's access to real countryside. Almost all who settle here say they will never leave."

Education is the responsibility of Strathclyde Regional Council, while the district council doubles with CDC in supporting leisure and recreational activities.

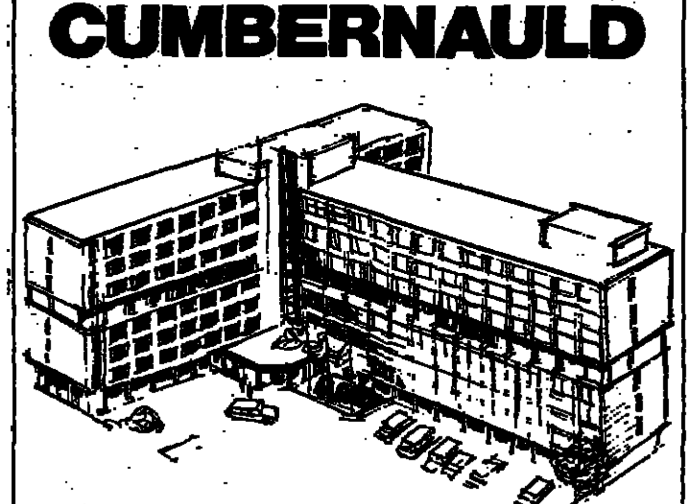
In addition to the multi-purpose Tryst Centre, the town soon will have an international-standard ice rink. All three authorities joined together to back the latest community centre, a £300,000 hall at Balloch/Eastfield, the area where most of the new private houses are being built.

Longer-standing districts each have three or four community halls filled every day with myriad activities. Cumbernauld Theatre offers professional facilities to local drama groups and visiting companies.

What seems harder to build into New Town life, even after 30 years, is the variety of organic communities. The point is illustrated in Cumbernauld by the village which gave its name to the town.

Here, if you can make the correct turn off the dual carriageway, you're suddenly in a typical Lowlands main street with its stone-faced buildings, its banks and bars, its butchers and late-opening general store.

Cumbernauld village, population under 2,000, has more shopping outlets employing more people than Abronhill, the district centre serving a population of more than 10,000. Residents use the excellent road system to visit the village from across town.



Recent investment by incoming and existing companies is increasing the town's spread of businesses

Healthy jobs rise as factories gear up

EMPLOYMENT IN Cumbernauld, like the town itself, was heavily dependent on central provision and traditionally built around two major sources: the Burroughs (latterly Unisys) adding machine plant and the Inland Revenue Service collection office.

Unisys closed earlier this year after a long rundown period. Worries about the staffing effects of computerisation continue at IRS. But recent investment by incoming and existing companies both balance up job losses and create a more varied portfolio in the New Town.

The highest profile arrival is Oki, Japan's third-ranking telecom manufacturer, with a £1.5bn turnover worldwide. Oki starts producing its range of computer printers this month, operating from the former Unysis factory.

The swift changeover represents a strong psychological boost for Cumbernauld, with 240 jobs expected by April 1988 and the prospect of a further 130 in the medium term.

Like other Japanese companies in the Scottish New Towns, this is Oki's first step into European manufacturing. Oki claims about 15 per cent of the European market, which is growing by some ten per cent annually. The task facing Mr Hiroshi Kojima, who heads the Cumbernauld facility, is to increase Oki's market share beyond 20 per cent.

His company, he says, looked round Europe for five years before picking Cumbernauld. Northern France, the Dusseldorf area of West Germany, and the UK were all thought to have a comparable infrastructure. Spoken English won the day for the UK, then the choice narrowed to Wales or Scotland.

Oki preferred the look of the Welsh sub-contractors but felt the scene was becoming too crowded. Mr Kojima liked the openness of Cumbernauld combined with the resources of Silicon Glen.

Despite Oki's thoroughness, Mr Kojima admits to the sort of sentiment which often tips executive decisions one way or the other. "The final thing is gut feeling," he says.

It is a response which has been carefully nurtured by the SDA and the development corporation. For instance, the corporation has set aside a couple of "closes" in the town's newly refurbished Carbrain scheme where 30 key workers sent from Japan are sharing apartments. They have their own chef.

But Mr Kojima sees this as a short-term measure. The ten permanent Japanese staff who remain once the factory is established will be expected to integrate with the local community.

Once production is established, Oki intends to manufacture its

The swift changeover represents a strong psychological boost, with more jobs expected

complete printer range at Cumbernauld. Up to 75 per cent of components will be sourced in Scotland, a high figure for inward investors. Then Oki plans to customise its European product ranges, including a major move into non-impact printers.

Mr Kojima is relaxed about the R & D input: "I'm impressed with the strength of computer sciences at Edinburgh University," he says. Oki looks forward to expansion at Cumbernauld via robotics.

Just down the road in Wardpark North, Isola Werke, the West German-owned manufacturers of printed circuit board bases, is already considering installing a second production line. Isola, part of the giant Ruttge group, took the decision to invest in its first plant outside Germany during a downturn which was shorter than expected.

Orders put the company's £10m rebuilding of a former carpet factory under some strain. But, says Mr David Heywood, the technical manager, all schedules were met, with the authorities being very supportive.

Copper laminate production ranks at the heavy end of Silicon Glen activity. Even so, the training period for operators is six months.

Mr Heywood admits to some problems finding the right calibre of staff. About one in 20 applicants joins the workforce of 90-plus. Isola's Cumbernauld plant, built principally to supply the UK market, meets the SDA's objectives of improving Scotland's electronics infrastructure.

A much smaller Scottish company, also newly-established in the town, shows the increasing sophistication of local enterprise. Ecosse Medical is pushing into an American-controlled market for heart-lung bypass support kits used during surgery.

Its managing director, Mr Bob Cumming, a Glasgow microbiology graduate, spotted a partially-developed US product which he started work on from his front room. He and his partner negotiated loans from British Coal Enterprises and the ECSC to help fund a clean room in the Deersdyke View advance factory unit where they now employ a staff of 27.

Sales of £250,000 last year were small beer in a £42m world market, but Ecosse Medical exports 70 per cent of its product.

"Business is going extremely well," Mr Cumming says. Orders run six weeks ahead, and the company is set to expand its product range. In an area where reliability is everything, Ecosse Medical deploys one person in quality control for every two on the production line.

Local commitment could well be the salvation of JLG Industries (UK), the British arm of the US mobile access platform specialists. When CDC attracted JLG to Cumbernauld in 1977 as the company's European manufacturing base, the combination of expert labour, reliable steel supplies, and good container services swelled the workforce to 140. However, recession in the oil and construction industries hit JLG's European market.

During 1984 the workforce dropped to about 100. It became clear that the company would have to diversify from its staple product of self-propelled telescopic access platforms. JLG's Scottish management team began to develop ideas for a new range of hydraulic booms aimed at interior use in breweries, hangars, shopping arcades and so on.

Detailed design took place back in the US before manufacture started at Cumbernauld. The result, says Mr Bill Astley-Jones, JLG's marketing director, is a wider platform range than competitors and a move from a predominantly UK marketplace to Europe and beyond.

The company's renewed confidence is shown by the introduction last month of Rangelift, a road vehicle with cab, ground and platform controls allowing one-person operation.

Rangelift is already being used by authorities in Bologna for cleaning buildings and in Norway for access to rock faces. Ministry of Defence quality certification is important to JLG, which supplies bases in Scotland and elsewhere.

It is a prize that Mr Jim Hunter, managing director of Edward Macbean, turned into a PR triumph when Mr George Younger, the Defence Secretary, came to open Macbean's new Cumbernauld factory this autumn. Mr Younger was photographed wearing its MoD-approved camouflage jacket

Macbean specialises in protective waterproof outerware for public service use, and recently secured a £750,000 Post Office contract.

Mr Hunter and his partner, Mr John Maley, the production director, acquired Macbean in a complicated management buy-out from a holding company earlier in the year. The deal involved moving the factory from Kirkintilloch to the New Town. The development corporation sold Macbean a 25,800 sq ft refurbished unit for a bargain £360,000.

In exchange, of course, Cumbernauld gained 130 jobs.

Concentration on quality has led to orders from 41 police forces, some 20 county councils, and the Forestry Commission. Macbean is also firmly established in protective leisureware for angling and sailing.

Housing

Worry for the young

SOME TIME soon, Cumbernauld Development Corporation is expected to announce that more than 50 per cent of homes in the town are in private ownership.

It will be a landmark for Scottish New Towns, and way above the average for Scotland as a whole. Rapid growth in home ownership comes more from the development corporation selling off its housing stock, and from developers selling rehabilitated corporation apartments, than it does from speculative housebuilding.

Last year the corporation sold 500 rented homes to sitting tenants. Revenues from these sales financed a £1.5m renovation programme of its remaining housing stock.

The only new-build allowed is in special needs areas. The picture has totally reversed since the early days of the New Town: figures show that more than 9,000 homes were built by the development corporation between 1958 and 1971 before the private sector sold one house in the designated area.

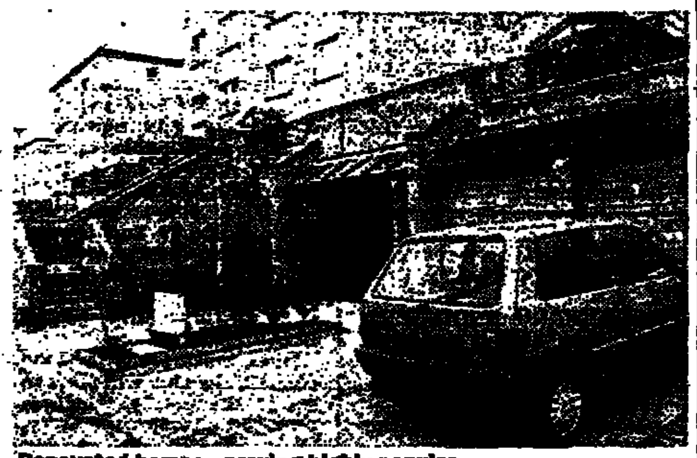
This drastic change reflects present government policies as much as Cumbernauld's popularity with home buyers. Despite the fact that asking prices for rehabilitated apartments are very reasonable - the corporation is offering fully-equipped one-bed homes at £18,000, together with "help up" inducements - many tenants can expect never to have the wherewithal to buy.

More seriously, with a dwindling public housing stock, what happens to couples who want to set up home on a low income or on unemployment benefit?

Mr Norman Hogg, Cumbernauld's MP, says the majority of his surgery problems concern housing. Some relate to the corporation's role as housing managers; many involve people seeking homes of their own.

With an average age of just 31, Cumbernauld has a high proportion of growing families. The worry is that they, the young people who know nothing but Cumbernauld, the Gregory's Girl generation, will be driven away just at the point that the town has organic life of its own.

There is no doubting, however, the interest in the private property market. After years when it proved impossible to attract a single developer to the town,



Renovated homes - proving highly popular

Cumbernauld has eleven or twelve snapping up plots on a design-and-build basis.

The development corporation's policy is to approve five-acre parcels: if the developer sells well he comes back for more. That way nobody builds up a land bank.

Prices in Cumbernauld's new estates compare with others in the Central Scotland belt. For example, Barratt Scotland's run from £25,900 to £47,855 at Craigalbert View, Balloch; Wimpey have a range from £31,645 to £46,100 at Forest Walk; and Walker Homes, the concern behind the Westerwood golf course development, has homes at Loganmains Estate, Balloch, for between £27,995 and £42,275.

Whatlings Properties, an Alfred McAlpine subsidiary, is the developer engaged in a block-by-block rehabilitation of the near-derelict Kildrum estate close to Cumbernauld town centre.

This estate, built in the mid-1960s, won awards in its time for Bauhaus purity - and indeed offered spacious, well-proportioned flats and maisonettes. But its deck-access streets proved unpopular and the estate fell into inner-city decay despite the glorious views.

Under Whatlings' rebuild, the original homes are transformed by the use of pitched roofs, brick cladding and colourful herringbone timber boarding. More importantly, perhaps, the streets have been divided up and a Scottish close system introduced, along with intercom security. The result, renamed Parklands, is proving highly popular.

So, too, is the development corporation's own rehabilitation of the massive Carbrain estate. This, although built as a series of closes, also fell on hard times.

The corporation has a well-developed programme of improvement and selling to tenants or others from the housing list. Here again, good security is a top priority for residents.

Initially, private developers showed no interest in Carbrain. The corporation planners insisted that the main elevated walkway connecting the scheme with the town centre must stay open. This had been the scene of problem incidents, but after security improved and the corporation's properties began to sell, Beazer Homes took up the running.

Mr David Anderson, the development corporation's chief executive, emphasises the care now going into housing management.

However, housing, as ever in Scotland, is high on the political agenda. It seems unlikely, if responsibility for housing is taken away from the corporation, that the stock will be handed over to the district council, the local housing authority.

The public housing rump in Scotland looks like being offered to housing associations or passed to yet another quango, Scottish Homes. What that will mean to the New Town's remaining tenants nobody quite knows.

Westerwood golf course

Top-class challenge

MOST NEW TOWNS count themselves lucky to list a golf course within the designated area. Cumbernauld offers two and will shortly have a third, of potentially championship class.

The story of how this came about involves a £40m deal with a man who doesn't play golf, the enthusiasm of a celebrated Spaniard, and the remains of a Roman fort.

The lie of the land at Westerwood was first recognised by Mr Donald McLean, the development corporation's commercial director. He had recently returned from duties at Northampton, and was walking in woods acquired from the Forestry Commission.

Mr McLean enjoyed the site's upland beauty and its views across to the Kilsyth Hills. Being a Scot and a golfer his mind turned to one thing. Although it took time to germinate, the idea made sense to the development corporation.

Cumbernauld had no lack of recreational facilities - that was not the issue. But the New Town badly needed a luxury hotel for its business community, better top-market housing sites, and a certain ambiance.

Westerwood is to be the provider, offering a 6,200-metre, par 72 course, designed by Dave Thomas of The Belfry fame and autographed by Seve Ballesteros.

It is the first championship course built in Scotland for many a year, a challenge perhaps to Gleneagles, and will also have a nine-hole par three course for fun.

This is the first time that Ballesteros, who admits to be serving an apprenticeship under Thomas, has been involved in planning a European course. Like most great golfers he reserves a special place in his affections for Scotland as the game's home.

Mr Mike Walker, managing director of the Livingstone-based Walker Group, is the non-golfing developer financing the £40m package.

Walker Homes had built and sold several small estates in the Balloch area of the town. After a slow start, they warmed to Cumbernauld. Their carrot at Westerwood was land for 650 houses.

The Roman connection comes via the Antonine Wall, a line of first-defence built between Clyde and Forth, which happens to run across the ridge. This line is a protected monument.

Players will negotiate the dog-legged third hole around the site of Westerwood Fort before crossing the wall line to shoot the fourth and fifth.

Other constraints include a canyon left by quarrying, used for holes 15 and 16, as many of the mature trees as can be retained, and American-style executive housing both around and within the course.

It is an ambitious setting for a testing course, with a 500-metre par five and several long par fours. So difficult, indeed, that tees will stretch up to 100 metres to accommodate ordinary mortals.

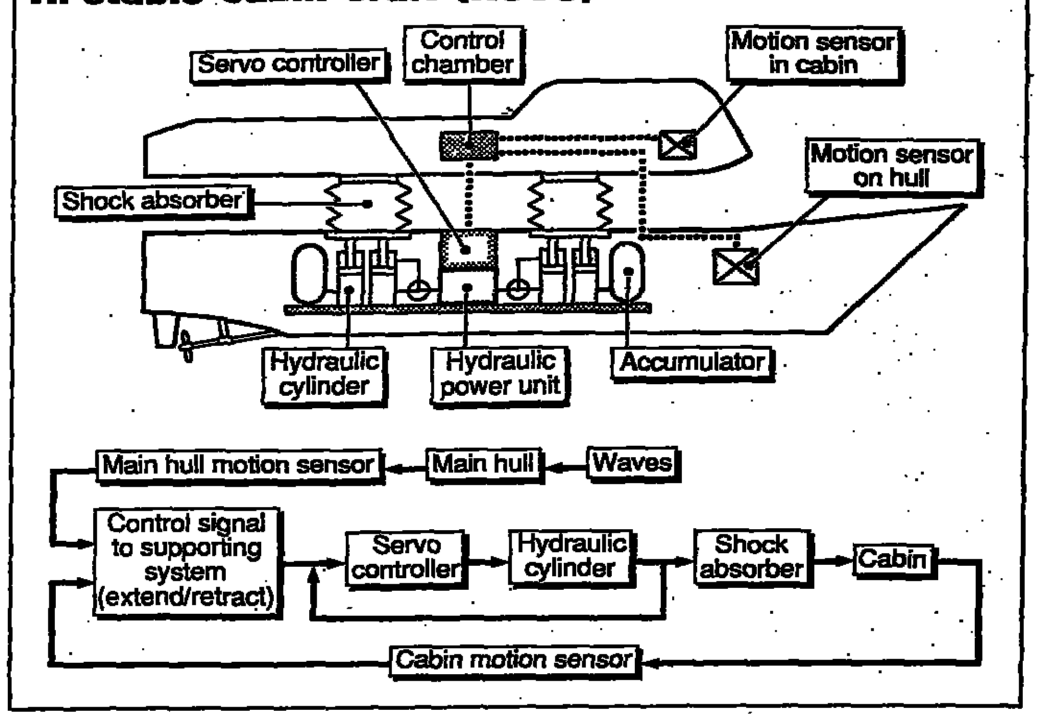
The course architects expect to be still on target for opening events in Spring 1989, with Ballesteros hitting the first ball.

Walker Group, using their own construction teams, have made good progress in difficult conditions. But experience suggests that it may be four or five years before Westerwood comes into its own. By then, with luck, most of the housing will also have been built.

An announcement on the hotel, the development corporation's prime objective in the deal, can be expected early in the New Year. It will be of four-star standard, with an initial 50 beds and is seen as a focal point for Cumbernauld's business and social life.

At present, there is a very limited amount of overnight accommodation available in the town. The developers are building a show village of house types at the site entrance. Homebuyers will gain a priority placing on the golf club membership list.

Hi-stable cabin craft (HSCC)



Mitsubishi sails a steady course

BY ROY GARNER IN TOKYO

SEASICKNESS sufferers will find cause for celebration in the new 'Hi-Stable Cabin Craft' (HSCC) developed by Japan's Mitsubishi Heavy Industries (MHI). The vessel features a passenger cabin in which the seasickness-causing motions of pitch and roll are largely eliminated, and compensation is provided for the other four characteristic forms of movement afloat: heave, yaw, surge and sway.

The revolutionary HSCC design also holds major promise where applied to other shipboard equipment – it could for example facilitate constantly-level helicopter landing pads, shake-free hospital operating theatres and, on research vessels, improved laboratory conditions.

MHI's prototype boat comprises a 5-ton, 12-passenger capacity, cabin supported upon a 12.7 meter, 17-gross ton catamaran hull. The twin hull was chosen for added stability and to allow a broad cabin design.

The cabin is positioned atop a 200mm-diameter central pillar, attached by a ball and socket joint to the hulls. The pillar itself operates as a 1-metre stroke hydraulic jack which lifts the cabin completely clear of the hulls, while four other 85mm hydraulic rams, each with back-up units supplied and attached via shock absorbers, support the cabin's four corners.

As the craft encounters forward or reverse motion, or is affected by wave action, a personal computer-based control unit activates all the jacks simultaneously to insulate the cabin from vibration and maintain its even posture.

In demonstration runs of the new craft, motion in the cabin has been less than one-third of that in the conventional lower sections of the boat. The smoothness of the ride within the cabin is sufficient for a glass of wine to stand undisturbed on a dining table, even at cruising speeds.

The computer software which lies at the heart of the system was developed in a 5-year, Y100m study programme initiated by MHI and supported by the semi-governmental Japan Foundation for Shipbuilding Advancement.

Twin hulls chosen for added stability

Nobuyoshi Aikawa, HSCC's project manager, says that the principal obstacles overcome in the project were the development of sensors capable of monitoring the diverse elements of the ship's motion and the creation of related computer software capable of feeding instructions at sufficient speed to the hydraulic rams.

Aikawa points to the simplicity of the final design, which requires only a single 16-bit personal computer as a controller, and largely relies on conventional hydraulics technologies.

Because of this simplicity, HSCC craft can be introduced as replacements for conventional vessels with a minimum of extra crew training. Development work on the HSCC benefited from co-operation with engineers at Mitsubishi's bus manufacturing plants, who were seeking a way to cut the high level of fuel consumption associated with a vehicle's repeated starting and stopping (which, by their estimates, accounts for 30 per cent of total fuel consumption).

The technology developed through this co-operation, which involves the use of an accumulator to store braking force for re-use during acceleration, has been applied both in the HSCC suspension system and in new bus designs.

Aikawa says MHI is now working on a prototype 500-gross ton HSCC vessel, capable of carrying 300 passengers. These specifications represent one of the most popular design formats for ships plying Japanese coastal waters, and a large potential market is foreseen.

The construction cost for a HSCC is currently at least twice that of a conventional craft of similar size, but Aikawa believes that once volume production begins prices could be reduced to "approximately 50 per cent above conventional levels."

Where US politics and science collide

BY LOUISE KEHOE IN SAN FRANCISCO

PERSUADING farmers to sell their land to the Government so that a bunch of scientists can build an underground tunnel that will supposedly enable them to probe the origins of matter is not easy. Just ask William B Baker, vice president of the University of California and the "volunteer" chairman of the California Superconducting Super Collider executive steering committee, who has faced angry community meetings and irate land owners.

"They don't buy 'I'm from the government, trust me'," says the academic turned promoter of California's efforts to persuade federal decision-makers to choose one of two proposed Californian sites for the $4.4bn "atom smasher".

Lining up potential California sites for the project was just the beginning. Now, California is locked in competition with 24 other states to "win" the prestigious Supeconducting Super Collider(SSC). A National Academy of Sciences and National Academy of Engineering panel is scheduled to draw up a short list from the 36 proposed sites early next year.

Already, however, each state has spent "well over $1m," Baker estimates, on preparing its proposals. California has spent significantly more, including $2.5m on drilling and seismic mapping studies.

The paperwork involved is incredible, Baker says. "It's like filling in a 5,000 page tax return." The prize that is driving all of these efforts is a huge Department of Energy funded particle accelerator.

When, and if, it is built it will be the most powerful instrument of its type in the world, a concrete tunnel ten feet wide and at least fifty feet underground that forms a 53-mile radius "racetrack" for sub atomic particles called protons.

By accelerating particle beams with a series of superconducting magnets to the speed of light and smashing particles together scientists hope to learn more about sub-atomic structures and forces.

For California, and for each of the other states that is wooing the SSC, the prestige of a world-leading scientific laboratory is a major attraction. But the economic benefits of housing the SSC are also substantial.

According to a study performed by Professor Larry Kembell of the University of California, Los Angeles, the SSC will create 10,200 jobs in both direct employment and related support activities by the year 2000. Tax benefits to the state would total $549m over the twelve-year period from 1988 to the end of the century, he predicts.

Chances of Congress approving funding for the $4.4bn atom smasher are put at 'fifty-fifty'

Local governments at the two proposed California sites have been persuaded to support the project by the prospect of adding $1.2m to $1.7m to their tax revenues. But the SSC would occupy 7,690 acres of prime agricultural land in either of the California sites under consideration, a factor that has raised strong opposition in local communities.

Since submitting its bid for the SSC in September, the California steering committee has been busily touting the state as the "ideal home for what promises to be one of America's most valuable national resources." So too, have promoters from 24 other states, and they have a long road ahead of them.

The Department of Energy is not even scheduled to make a final site selection until January 1989. In the meantime, Congress must approve $4.4bn in funding if the project is to go ahead.

Baker puts at "fifty-fifty" the chances that the SSC will eventually be funded, and he fully expects the decision process to be "dragged out"

In the meantime, the cost of the site selection process is mounting. Scientists and academics are being dragged into the battle to endorse claims, to conduct feasibility studies and to prepare environmental impact reports.

Hundreds of communities and thousands of individuals are working for or against various site proposals. Is this competitive circus really necessary? "It is probably not the best way to choose a site," Baker concedes. What is needed, he suggests, is a "blue ribbon panel of experts which could sit down and decide the best place to put it."

WORTH WATCHING

Edited by Geoffrey Charlish

Piedmont's eye on a safer flight path

PIEDMONT AIRLINES in the US is the first commercial user of the collision avoidance system developed by Bendix/King, part of Allied Signal Aerospace Company of Arlington, Virginia.

This "traffic alert collision avoidance system" (TCAS) will be installed on Piedmont's Boeing 737 and 767 fleet. It uses a fixed aerial, advanced radio direction-finding system to interrogate the transponders installed on other aircraft.

These transponders are normally interrogated by ground radars to provide identity, range, bearing and altitude information. The Bendix/King unit performs a similar function, telling the aircraft with TCAS of other potentially dangerous traffic in the vicinity.

Ciba Geigy beats a sticky problem

CONVINCING ENGINEERS that they should use glue instead of welds, bolts, rivets or screws has always been an uphill task for companies like Ciba Geigy, the Swiss chemical group.

Nowadays, however, fears that the job might fall apart at some future date have mostly evaporated, due in large measure to the epoxy adhesives like Araldite, which have gained a good reputation for strength and reliability.

Over 100,000 tonnes of Araldite products worth £200m, and ranging from paints to electrical insulation, are now made annually in four Swiss plants. Only two per cent of production is consumed domestically.

But as users of the two-part adhesive will know, mixing the resin and hardener from the separate tubes or tubs in equal proportions and applying the mix to the parts is cumbersome and messy.

So Ciba Geigy has developed Accumix, which allows a two-component cartridge to be quickly slotted into a dispensing gun equipped with a disposable mixing nozzle. Moved by a hand grip, two plungers extrude material from separate small cylinders and by the time resin and hardener reach the end of the nozzle, they have been thoroughly mixed by specially shaped plastic channels.

When work stops for long enough, the glue will start to set in the nozzle, which is removed and thrown away. Some adhesive is lost, but Ciba Geigy claims the cost is more than offset by productivity gains. A starter pack costs under £50.

Philips co-ordinates travel arrangements

PHILIPS IS making a further thrust into the travel and aviation market with a computer system for travel agents which copes with most of an agency's activities on a single system.

At present, many agencies have more than one type of screen in the front office for access to various networks and another in the back office for administrative and financial purposes.

Philips already has a strong market presence in the hotel world (600 systems) and is responsible for the communications network of SITA (Societe International de Telecommunications Aeronautiques). Now it is offering an "open" system for travel agencies that does not tie them to any particular organisation.

Known as Trophy, the system is based on Philips business or personal computers (PCs) which can be interconnected between agency branches if necessary. In the front office, PCs or terminals can use services such as viewdata to access the databases of tour operators, and telex information.

The system can talk to the various airline, hotel and car hire reservation systems and produce tickets or vouchers.

Meanwhile, back office staff can deal with the invoicing, sales and bought ledgers, commissions and other administrative work. Philips is also able to offer its CD-ROM(compact disc read only memory) and LaserVision optical storage systems to allow customers to see still and moving pictures of places they might like to visit.

CONTACTS: Allied Signal Aerospace: US, (703) 276 2000. Ciba-Geigy: UK plant, 0223 832121. Philips International: The Netherlands, 35 891128.

London Galleries/William Packer

Faced with expressions

The Institute of Contemporary Arts in the Mall and the Anthony d'Offay Gallery at 23 Dering Street W1 are currently holding exhibitions that variously treat upon expressionism. The ICA's upper galleries hold a group of "Character Heads" by the 18th century Austrian sculptor, Franz Xaver Messerschmidt, along with some photographic overdrawings which his fellow Austrian, Arnulf Rainer, based upon them in the mid 1970s (sponsored by Osterreichische Landerbank, the Austrian Institute and Visiting Arts). In the main gallery downstairs are large recent paintings by the British artist, Tony Bevan (which go on to Derry, Cambridge and Bradford: both ICA exhibitions until February 21); and Anthony d'Offay is showing early woodcuts and 4 recent woodcarvings by the German artist, Georg Baselitz (until January 16).

Expressionism in a general sense is as old as Art itself, for every work of art carries within it something of its making and a sense of the immanent presence of the artist: but the development of the idea of the artist as the physical embodiment of the work, at once material and object, is rather more recent. To confront the extraordinary self-portrait sculpture of Messerschmidt is to realise that such direct personal engagement goes back farther than we might think.

Messerschmidt died in 1783 at the age of 47, of pneumonia, having lived in eccentric poverty and isolation for the previous year or two. By then he had completed well over 60 of his "Character Heads" in a series begun in 1770, at about the time his supposed mental instability had first appeared. At the age of 34 he was already an academic and technically gifted sculptor of sufficient standing to be deputy professor at the Viennese Academy, with the promise of the chair itself whenever it should fall vacant – which preferment his condition would all too soon deny him. Clearly he became very odd, suffering delusions of persecution by malevolent spirits, but the exact nature of his illness is obscure.

Psychotic, schizophrenic perhaps, or merely intermittently poisoned by the lead into which he cast his images: yet mad or not, he continued with his normal commissions of portrait sculpture long after he began to work upon his grimacing and distorted self-image. And to the end those very grotesques display an unfailing technical command and, to our modern eyes, aesthetic discrimination.

These works are powerful and uncanny in their physical presence, presented with the classical simplicity of the Roman portrait bust. And yet so strong and active is each image, and so exact the personal representation that, just as with any life cast taken directly from the subject's body, we find ourselves considering not so much the object as a detached and self-sufficient work of art, but rather the bodily presence of the artist himself. We too find ourselves stretching and yawning, twisting and gaping as we wash or shave or brush our teeth or, merely for amusement, pull funny faces in the glass. Messerschmidt's putative madness seems hardly the point when our own imaginative identification is so uncomfortably close.

"Der Kindisch Weinende" by Franz Xaver Messerschmidt

*

To show Arnulf Rainer's modern overdrawings alongside such strong stuff is reasonable, but in the event it is hardly fair. They stand as a commentary upon a body of work that, given Rainer's own established position, was always bound to be for him a natural reference and influence: it makes clear the link between his own physical, expressionist romanticism and that old tradition of engagement with the grotesque and the deranged. Whether or not it was Messerschmidt's madness that first intrigued him, it was always the work that held him: but what he does with it, by the inevitable direct comparison, seems essentially arbitrary and trivial. This is not to discount Rainer as an artist, but only to suggest that the truer, stronger comparison would have been with the work in which Rainer confronts and assaults his own physical image, just as his hero once confronted and tested his.

"Untitled" by George Bazelitz, 1979–80

*

Tony Bevan's exhibition is small numerically but physically impressive, for the paintings are large and vigorously worked in sharp colour, high tonal contrast and sand-enhanced impasto. His subject is the figure or the head alone, presented starkly against a plain ground with a virtually unmodulated simplicity. The particular characterisation is established by the graphic superimposition of the image reduced in its drawing to a bare, vital minimum.

Such ploys and devices have served him well so far, but they have their drawbacks, for a way of working that was at first entirely authentic can descend into mannerism and mere style. Bevan might face just such a difficulty; but the present signs are encouraging, for the most recent works show a less emphatic graphic statement of the image and, instead, something rather more fully modelled, integrated and painterly.

*

Georg Baselitz, at Anthony d'Offay, has enjoyed an extraordinary success within the last 10 years, but in that time his painting has hardly developed, unless to become increasingly perfunctory may be considered a development. On the other hand, whenever earlier work appears, it serves only to confirm him as a substantial artist within the given scope of his imagery. Simple as they are, the 5 sets of 1960s woodcuts shown here, of single, somewhat stolid bucolics among the trees, are strong and convincing.

But the exhibition is really given to his more recent woodcarvings – a large standing figure of 1986, and 3 large heads from the early 1980s, all manifestly rough-hewn and three of them as roughly painted. So very crudely done, they are yet possessed of an oddly convincing and potent totemic authority, especially the heads. Nothing in his later painting that I have seen is remotely as effective as his sculpture, and the conclusion is inescapable that it is as a sculptor alone that he should now be taken. Perhaps it is in the very nature of his material that the problem lies: perhaps paint is simply too malleable and easy for his purposes; perhaps he needs stuff as solid as a block of wood to commit himself to a proper physical act.

'Six Characters' in Moscow

Credit *glasnost* (openness) and *perestroika* (change and reform) for the new fringe scene in Moscow, but also give as much credit to the talents of new playwrights and directors - and enthusiastic young ensembles, supported by appreciative audiences - for making their mark so swiftly on the Soviet theatre landscape. Two premieres in Moscow at the end of November - Pirandello's *Six Characters in Search of an Author* at the Studio Anatoly Vassiliev (School of Dramatic Art) and Neil Simon's *Fools* at the Moscow Studio in the Southwest - became overnight hard-ticket attractions. As a consequence of thematic material alone, surely both will receive invitations from abroad to guest at international festivals.

The Studio Anatoly Vassiliev, which has just opened in a white-washed ground-floor space at Vorovskogo Ulisa 20 in the heart of Moscow, is known unequivocally at its founder's insistance as the School of Dramatic Art. Vassiliev was given this space after the success he scored last summer on a European tour (in Stuttgart at the World Theatre Festival, Rotterdam, London, and Belgrade at the BITEF festival) with his production of Victor Slavkin's *Serso (Cerceau)*. Written in 1981 and presented for the first time under Vassiliev's direction at the Taganka Theatre in October 1985, *Cerceau* was the result of three years of on-again, off-again rehearsals, with a makeshift ensemble of mostly film actors.

Having broken the bounds of patience and artistic toleration at the Taganka (plus the Stanislavsky Theatre before that), Vassiliev has now made the move to exploit the fringe on the already rich and varied Moscow theatre scene. Following the premiere of his production of Pirandello's *Six Characters in Search of an Author*, he will continue to mould the ensemble to his liking before taking it on tour again - according to reports, to the Berlin Autumn Arts Festival next September.

So far as Victor Slavkin is concerned, his plays began to appear on Moscow repertory at the beginning of the current decade, but it was the *Cerceau* staging that launched an open critical discussion on both the author and the play's obvious parallels to Chekhov (*The Cherry Orchard*) and Gorky (*Summerfolk*), to say nothing of Western existentialist drama. As the title of the play hints - with its reference to an eighteenth-century French ring-tossing-game, played in this case by the principals during idle conversation about the emptiness of their lives - the six people (four men, two women, mostly around forty) find themselves in a suffocating mid-life crisis while over a weekend inspecting a dacha inherited by one of the group. Luigi Pirandello's *Six Characters in Search of an Author* - the second in a planned trilogy - now broadens the dramatic content of Victor Slavkin's *Cerceau* like a dropped pebble disturbing the surface of a placid pond with an ever increasing ring of ripples.

The entry to the Vassiliev's quite hidden School of Dramatic Art on Vorovskogo Street is via a courtyard behind an apartment building, around a fence, and then down a short flight of steps to a parterre entrance that appears to lead to a cellar. Once inside, the foyer doubles for a garderobe for approximately 200 spectators, while a hallway off to the side leads to smaller rooms for the actors and technical crew. A large room with scattered chairs, which can be reassembled at will for each of the three acts, is divided by a white curtain that can be drawn to and fro by a pulley. As befits Pirandello's play, the dramatic lines between the actors and the audience are effectively rubbed out by mixing everyone together in the room.

Fringe theatre in Russia is benefitting from the new era of glasnost which allows talented directors their heads. Ronald Holloway reviews two recent Pirandello and Simon premieres which have become the hottest seats in town.

Vassiliev has taken liberties with Pirandello's text, particularly in the first act, by cutting passages and altering the roles - yet the comic and tragic effects of the drama remain fundamentally the same. Musical interludes, sung and danced by members of the cast, supply the psychological bridges to heighten the action, spot dramatic emphasis, and change directions in a play that is both comedy and tragedy at the same time. Under Vassiliev's firm hand, the Pirandellian moral and philosophical positions are honed to a fine edge, particularly in the second act. To the sardonic guitar-accompanied strains of "Bese me mucho" (the balladeer sits in the midst of the audience), the Stepdaughter is enticed to "play out" her anguish as a harlot before the critical Stage Manager and the attentive Muscovites - to the point of baring her breasts under a black veil of mourning. Such a scene of stage intimacy, clothed as it is in the discretion of dramatic intensity, is indeed a first for contemporary Soviet theatre.

*

On the next evening we journeyed through a snow-flurry to the very fringe of the city, to the Moscow Studio in the Southwest, to catch another premiere: Valery Beliakovich's production of Neil Simon's *Fools*. The irony of a Russian translation (Sergei Tasko) from the English of the play, adapted in turn by Simon as a "common fable" from Ukrainian-Yiddish folk-tales (it opened in April 1981 under Mike Nichols's direction at Simon's own Eugene O'Neill Theatre in Manhattan), was attraction enough. But an unexpected bonus turned out to be the evening's ultimate reward: an agile and fast-paced performance by a young ensemble that was a sheer delight.

The Studio in the Southwest, another makeshift arena for about 200 spectators, formerly served the community as a youth club. The establishment of a permanent theatre in the club came about with the popularity of a performing group specialising in a range of comedies, musical revues, and light drama. Beliakovich, its guiding light, likes to see the action roll along at a good clip. Recorded music has the "village idiots" prancing their way through many of the scenes while delivering dialogue in staccato cadences. With the arrival of a new teacher in the community, who doesn't stand a chance from the start, everyone takes to occupying hanging cages like monkeys in the trees.

Making use of a few masks, motley costumes and a handful of props (the cages are recycled wagons from the local supermarket), Valery Baliakovich lets the audience in on a childlike experience: the merriment of visiting a human zoo. If there's a message in *Fools*, then it's naked laughter. Like many of George Melies's primitive one-reel classics, here is an exposure of the human species run amok: commedia dell'arte - Moscow-style.

Brendel/Festival Hall

Max Loppert

On Sunday afternoon Alfred Brendel set off on the first of his four concerts of late Schubert piano music. What follows is a minority report on the occasion, for the hall itself was packed, and the rapt, reverential hush that fell across all four parts of the programme betokened the high esteem in which this pianist is currently held. But it seemed to me that, on this evidence, Brendel is now playing Schubert the way a professor of theology at a North German university might expatiate on some abstruse point of medieval Christian ethics.

The performance of the six *Moments musicaux* that opened the recital was fearfully dry. The spirit of adventure that informed Brendel's early records of Schubert is long gone, replaced by a universally sober, didactic mode of pianistic address. The rhythms didn't dance. The melodies didn't sing. The choice of tone-colours was intentionally restricted, the gait measured, solemn, and (I felt) self-important. Whenever Brendel paused - as he did to notable effect in, for instance, the C major, no.1 - it was to "make a point," not to expand some note of Schubertian spontaneity. As Brendel is a master pianist, his points are always worth attending to, and expertly delivered; but the simple beauties of the music get lost on the way.

It was the same with the *Wanderer* Fantasy, except that the dryness of touch and spirit produced some positively bizarre moments in the many passages of thundering virtuosity, of mighty dotted-rhythm chords and *tremolando* textures, in which this piece abounds: the absence of any excitement made this performance, in its way, a collectors' item. After the interval the temperature in the lecture hall warmed up a degree or two, for Brendel played the neglected, unfinished, and absolutely remarkable C major Sonata, D.840, with absolute concentration. The palette of colours was still limited, but the limitation seemed here a dramatic device, a way of intensifying the bleak harmonic twists and turns of the second movement, and the wide dynamic range assisted the process.

But then, in the long (and rather long-winded) A minor Sonata, D.784, it was back to didacticism. The whole purpose of the series, it appears, is to underline how seriously the mature Schubert now insists on being taken; it is right and proper, but if the seriousness is of the lecture-hall variety, and Schubertian charm and freshness are completely routed, then something has gone badly amiss.

West End transfer for Separation

Tom Kempinski's new play *Separation*, which opened at the Hampstead Theatre starring David Suchet and Saskia Reeves, is transferring to the West End and opens at the Comedy Theatre tonight.

Mayer concert/Festival Hall

David Murray

This is the sixty-fifth season for the children's concerts founded by Sir Robert and Lady Dorothy Mayer, and it was encouraging on Saturday morning to find that lively updating is still possible. In recent years the format has sometimes seemed musty: short, worthy classical pieces with introductory chat pitched queasily between the ingratiating and the pedagogical. As pop sound grows ever remoter from classical music, bridges are harder and harder to build; and the Festival Hall is anyway an awkwardly large place for making informal contact with a potentially fractious young audience.

The best things about Saturday's concert were the Latin American programme – even if it included too many slow movements – and the playing by the London Chamber Symphony, which was crisply expert and well-rehearsed far beyond the old norm. It is an ad hoc group, boasting many good performers familiar from other ensembles. Odaline de la Martinez chatted exuberantly and indistinctly about the music (her snippet-examples of Ginastera's *Variaciones concertantes* left us no wiser about how the variations actually work), but she conducted with her usual verve, and her soloists were first-rate. The Ginastera sounded much brighter and more idiomatic than it did a few months ago, in a performance for grownups next door.

A rare fragment of late Copland, the "Estribillo" from his Latin-American Sketches, made a neat prelude and showed off a dashing young trumpeter (a pity that the budget couldn't run to *El salon Mexico*). The *Bachiana Brasileira* no. 2 of Villa-Lobos was played with enough fervour to suppress restiveness in the slow bits, and it is the one that ends with the irresistible clatter and wheeze of "The Little Train of the Caipira" (delightfully detailed here, though Miss de la Martinez might have run it a notch faster). There seemed to be general satisfaction. As presenter, Michael Berkeley abetted the conductor urbanely.

Messiah/Festival Hall

Richard Fairman

For a few glorious moments this performance of Handel's *Messiah* really sparked off seasonal feelings of rejoicing. Even when a work is played to excess (and *Messiah* at Christmas is one of the prime examples) it is still possible for a musician to approach the piece in such a spirit as to make it catch the imagination afresh, breathing new life and spontaneity into the music-making as a whole.

On Sunday that musician was Margaret Price - as radiant as ever in all the soprano solos, but singing on this occasion with a conviction that I have not always associated with her. How she made those old, familiar words tell. The angel's proclamation ("Unto you is born this day") was truly exultant; and in the last aria her singing of the line "It is Christ that died" will long stay with me. This was communication at its most inspirational.

The rest of the performance, though always enjoyable, operated at a more basic level. Solti was the conductor, directing the London Philharmonic Choir and Orchestra with the straightforward vigour that has always been his mark as a Handelian. In these days of the no-nonsense authentic approach the fast speeds and constant brightness of tone that he calls for need less apology than they might have done when Handel on a full orchestra had to sound portentous and meaningful.

In his hands the music comes across strong on surface brilliance and bold in its contrasts. Solti leads his performances with an uninhibited delight in getting an exact and forceful ensemble from everybody involved: the Overture set off with a decisive dig to the dotted rhythms (LPO strings playing with well-drilled precision) and the chorus, too, punched out their words with every consonant together. So much so, indeed, that the effect started to sound self-conscious.

The other three members of the solo quartet had been well chosen. Anne Gjevang is an alto very much in the old tradition of *Messiah*, heavyweight in the semiquaver runs, a touch booming in her arias; John Tomlinson was the bass, pushing for a big, powerful sound. The tenor, Keith Lewis, offered something more, singing with an ever-increasing range of sensitivity these days. But this was Margaret Price's evening and it was her voice, soaring out above the others, that will stay in the memory.

Saleroom/Antony Thorncroft

A move to Monaco

The art world has moved to Monaco this week for a series of very important sales, organised by both Sotheby's and Christie's. Sotheby's has a good series of collections, not least the furnishings of the Chateau de La Roche-Guyon in the Seine valley, the epitome of a French chateau with its medieval donjon and its 18th century additions. What is remarkable about the furniture is that it survived the 1789 Revolution, intact. It sold on Sunday and yesterday for £1,967,099 with only 2 per cent bought in.

Sales in Monaco have a mild curse hanging over them in that the French Government can either pre-empt anything sold and give it to a national collection, or rule that items must not leave France. This happened to the three top lots in the Roche Guyon sale: they must stay in France. Even so the prices were exceptional. Four Gobelins tapestries depicting the History of Esther, produced around 1769, sold for £360,556 while a pair of Louis XVI console tables of around 1770 more than trebled their estimate at £329,193. A bronze chandelier of around 1735 sold for £205,746.

Christie's had mixed fortunes with its sale of 20th century decorative arts on Sunday night in Monte Carlo. It totalled £1,028,460, with four records, but it was also over 36 per cent unsold. Among the successes were the £92,463 paid by an American collector for "Cluny", a smoky grey bronze mounted Lalique vase, 10 inches high, which had been estimated at up to £20,000. It was a record for Lalique.

A sculpture, "Nymph of Fontainebleau" by Alfred August Janniot made £87,024, a record, as was the £62,268 paid for a bronze chair by Albert Armand Rateau. The cult of record prices was taken to an extreme with the announcement that the £45,687 paid for a black lancet vase designed by Timo Sarpaneva, was a record for an item of Finnish glass.

The highlight of the first of the Monaco auctions – of antiquities and objects of art from the collection of the Countess de Behague – was the £1.4m. paid for an Ostro-Gothic gold cloak broach, made around 500 A.D. and five inches long. In the form of an eagle, it had been unearthed in Italy in 1895, and had almost certainly been buried with its queenly owner. The Countess left her collection to her nephew Marquis Hubert de Ganay, whose children decided to sell it at auction. It totalled £6.7m. On eight occasions the French Government exercised its right to pre-empt objects at the hammer price.

Meanwhile in New York over the week end Christie's achieved two artist records – for a painting by Mary Cassatt, the friend of the Impressionists, and a sculpture by the early Cubist, Elie Nadelman. Cassatt's "Mother Bertha holding her nude baby" sold to the American art dealers Berry-Hill Gallery for £593,000 while "Tango," a cherrywood carving of a dancing couple, of which two versions are known, made £1.6m to the same dealers.

The Birmingham Rep's 1988 season

The Birmingham Repertory Theatre's 1988 season opens on February 8 with Tom Stoppard's *The Real Thing*, followed on March 14 with Arthur Miller's *Death of a Salesman*.

Privates on Parade by Peter Nichols opens on April 18, *No Orchids for Miss Blandish* on May 16, and *The Railway Children* June 13.

Arts guide

December 4-11

Opera and Ballet

PARIS

Kirov. The temple of classical ballet has brought, with Swan Lake and Giselle, a revelation: the couple Farouk Ruzimatov and Altynai Assylmuratova. Palais des Congres (426 62075) until Jan 10.

Jiri Kylian and the Nederlands Dans Theater performs to music by Stravinsky, Mozart and Debussy until Dec 13, to music by Toru Takemitsu, Iannis Xenakis, Minku, Mozart and Jon Hassell until Dec 20. Theatre de la Ville. (427 42277).

Norma alternates with Macbeth at the Paris Opera.

Don Giovanni conducted by Lothar Zagrosek with Francois le Roux in the title role and Helene Garetti as Donna Elvira in Oslo Opera's dynamic production by Goran Jarvefelt at the Opera Comique. (429 60611).

WEST GERMANY

Berlin, Deutsche Oper. Elektra has a strong cast with Helg Dernesch and Gerd Feldhoff. Manon Lescaut has Raina Kabaivanska, George Fortune and Giorgio Merighi. Tannhaeuser with Spas Wenkoff brilliant in the title role.

Hamburg, Opera. Il Trovatore, sung in Italian, features Dianne Curry and Harald Stamm. La Boheme will be conducted by Stefan Soltesz.

Cologne, Opera. Tannhaeuser stars Rene Kollo in the title role. The Magic Flute has fine interpretations by Hellen Kwon as Queen of the Night and Matthias Hoele as Sarastro. Eine Florentinische Tragoedie/Gianni Schicchi round of the week.

Stuttgart, Wuerttembergisches Staatstheater. Hansel und Gretel with Helene Schneiderman and Irmgard Stadler.

Munich, Bayerische Staatsoper. Les Contes d'Hoffmann in Otto Schenk's production features Cyndia Sieden and Claes H. Ahnsjo. Juan Pons leads a strong cast in Macbeth. This week's highlight is Cardillac with Maria Francesca-Cavazza and Donald Macintyre. Also in the repertory: Die Entfuehrung aus dem Serail.

NETHERLANDS

Groningen, Schouwburg. Opera Forum with Clemenza di Tito directed by Vittorio Patane and conducted by Francois Huybrechts (Thur). (12 56 45).

Eindhoven, Schouwburg. The Hoofdstad Operetta company in Strauss's Wiener Blut directed by Dick Top and conducted by Martin Malzer (Wed). Also, a new dance production by Yoshiko Chuma of Werkcentrum Dans (Thur). (1 11 22).

ITALY

Milan, Teatro alla Scala. Don Giovanni conducted by Riccardo Muti, directed by Giorgio Strehler (director of Milan's Piccolo Frigerio) with costumes by Franca Squarciapino. Thomas Allen sings the title role, with Edita Gruberova and Claudio Desderi. (80 91 26).

Turin, Teatro Regio. Don Giovanni, with the Verdi veteran Renato Bruson making his debut in a Mozart opera, conducted by Miklos Erdelyi. A new production directed by Luigi Squarzina and designed by Paolo Momasi. Also in the cast are Daniela Dessi, Paolo Gavanelli, Horst Laubenthal and Eugenia Moldeveanu. (548 000).

Trieste, Teatro Comunale Giuseppe Verdi. Donizetti's La Figlia del Reggimento, directed by Filippo Crivelli and based on Zeffirelli's production for the Teatro Massimo in Palermo in 1959. The cast includes Luciana Serra, Bertolo and Rosa Laghezza. Carlo Rizzi conducts. (631 948).

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday December 8, 1987

Expectations at the summit

WHEN TWO powers are equipped with weapons which would enable them to destroy not only each other but the entire human race, it is surely in the world's interest that their leaders meet from time to time so that they know each other as human beings and have some direct knowledge of each other's anxieties and sensitivities. That is a good reason for welcoming almost any *East-West summit*.

Over and above that, the present one deserves special welcome because this evening (Tues) the two superpowers will, for the first time ever, sign a treaty not merely limiting the development and deployment of nuclear weapons but actually eliminating *an entire category*, and prescribing even the technical details of their physical destruction. Western Europe in particular should welcome this - as indeed it did on Saturday in the statement issued by the heads of governments of the European Community - because under the terms of the treaty the Soviet SS20 missiles, whose deployment in the late 1970s struck fear into so many European hearts, are to be scrapped.

Principles

Moreover, the treaty embodies two key principles for which the West has long sought Soviet acceptance, and which could be of crucial importance for future arms control agreements: on-site verification, and asymmetrical cuts to eliminate existing asymmetries.

This achievement would not have been possible without a marked change in the Soviet approach to international relations, reflecting some even more striking changes in the Soviet Union's management of its internal affairs: changes symbolised and at least in part caused by the personality of Mr Gorbachev himself. These changes have suddenly made the idea of agreement and cooperation with the Soviet Union on a whole range of issues seem much less Utopian to many responsible people in the West than it did only two or three years ago. As one of the British ministers who took part in yesterday's talks with Mr Gorbachev at Brize Norton remarked, "You just can't imagine this chap going home and pressing the button."

The danger in this atmosphere - which is if anything even more pronounced on the other side of the Atlantic - is that it will lead to too many hopes being pinned on one meeting between two men. Public opinion is looking for big strides to be made towards further arms control agreements, especially in the field of strategic weapons where both sides seem seriously prepared to negotiate a 50 per cent cut. There are also expectations of a dramatic Soviet gesture on Afghanistan - perhaps even setting a date for the withdrawal of all Soviet troops; hopes of greater Soviet cooperation in putting pressure on Iran to agree to a ceasefire in the Gulf War; hopes of progress on a deal involving the withdrawal of Cuban forces from Angola and independence for Namibia; and hopes of further Soviet concessions on human rights.

Desirable as each of those things might be, it is almost certainly too much to expect them all at once; and indeed it is doubtful whether the political machinery of the US and Nato is capable of digesting them all at once.

Ratification

Already President Reagan is facing a barrage of intemperate and largely absurd criticism from his own right wing. His understandable but clumsily phrased response to it has exacerbated the situation, and it now seems certain that today's treaty *will be the subject of a long and* acrimonious ratification debate in the Senate. Is it realistic for Mr Gorbachev or anyone else to expect a lame-duck administration both to fight this battle and at the same time to be negotiating a new and potentially much more controversial agreement on strategic weapons, even if - as now seems possible - disputes about strategic defence and the interpretation of the anti-ballistic missile treaty can be set aside for the time being?

For their part, West European leaders have not forgotten last year's summit at Reykjavik, when Mr Reagan was nearly swept into an ill-considered global agreement with very grave implications for western security by the sheer vigour and imagination of Mr Gorbachev's proposals. The common defence platform of the Western European Union, adopted last October, made it clear that Europe does not share Mr Gorbachev's belief that a completely non-nuclear world would be a safer one. But European leaders are fearful that in this argument the President's thinking may still be closer to Mr Gorbachev's than to theirs.

Banking mergers in Spain

IT HAS long seemed anomalous that a country of Spain's size and economic development should possess such a fragmented banking system. No fewer than seven banks control directly and indirectly over 80 per cent of domestic deposits, yet by international standards *none* are large enough to be both competitive in their operations and global in their ambitions.

Under these circumstances it is unfortunate that the first attempt at a major merger should end with egg on just about everyone's face. Merger legislation has proved inadequate, the Government, especially the Bank of Spain, failed to act at arm's length and the bankers themselves were far too wrapped up in traditional rivalries (often highly personal) to realise they were undermining their own long term interests.

Banco de Bilbao, the third ranking bank, has been thwarted in its ambitions to take over Banesto, the ageing colossus of the banking system, as a result of a ruling by the Madrid Stock Exchange. This ruling was a strict interpretation of legislation regarding the exchange of shares; payment to Banesto shareholders in new stock was forbidden until the issue had been approved by Bilbao's shareholders.

Bad management

The administrators of the Madrid Stock Exchange found themselves in an unenviable position. In the first serious test of their authority over a merger they were left with little option but to apply the existing law strictly. Otherwise there was a risk that Banesto management might appeal and indulge in a lengthy and debilitating legal wrangle, while the two banks' shares remained suspended. Nevertheless, the decision cannot fail to raise eyebrows given the contrary ruling of the smaller Bilbao bourse that favoured its own eponymous bank. The Madrid bourse will have to demonstrate clearly that they were not leant upon by Banesto's friends.

The Goverment of Felipe Gonzalez on the other hand could have behaved more discreetly, even though its motives were understandable and honourable. The Bank of Spain has been rightly concerned about the structure of the Spanish banking system, fully recognising that it is overbanked and not lean enough to compete within the European Community when all restrictions are lifted in 1992.

The banking system went through a long and painful crisis in 1979-84 with almost 30 small and medium-sized banks running into difficulties through a mixture of bad management and misuse of funds. This should have been used as an opportunity to begin the process of concentration; but it has been held up because of the long-standing rivalries among the big seven banks, none of whom have been willing to lose their individuality.

The Spanish authorities, consulted in advance, enthusiastically endorsed the idea of a Bilbao takeover of Banesto, seeing the move as the catalyst for the modernisation of the banking sector. The merger also promised to create a Spanish bank large enough to resist a foreign predator. However, having committed itself to the deal in too public a way, the Government looks more than a little foolish now that it has had to be dropped.

Positive lessons

The management of Bilbao is understandably angry about having to drop its bid and feels it has been hard done by. Whether or not it was made too confident by government backing or underestimated the the legal problems is unclear.

Despite everything that has happened, there is no reason why positive lessons cannot be learned. Bilbao's abortive takeover has helped break a psychological barrier and has brought the debate about a concentration of the banking system to the fore. The logic of consolidating the banking system has not been undermined: the largest commercial bank, Central, is only a quarter the size of the leading British or West German banks.

At the same time the problems of carrying out a successful merger and the defects of existing regulations have been exposed. Above all the merger rules are demonstrably inadequate and should be reviewed urgently. If not, Spain's banking and financial system will lack the necessary dynamism to cope with the enlarged market in which it will soon have to compete.

Curbs on trade with Communist countries

Backing reluctantly into the limelight

By David Buchan and Peter Montagnon

"THE POLICY of treating CoCom as a semi-secret organisation has effectively worked against building public support. It is time to get it out of the closet." So said a *senior official of the US State* Department in November 1987. For 37 years the Co-ordinating Committee on Multilateral Export Controls (CoCom), in which Nato and Japan have vetted their strategic trade with Communist countries, has lived a shadowy life in an anonymous US embassy annexe in Paris's rue de la Boetie. Now the US wants to give it a higher public profile and reshape it into something approaching an economic Nato.

But the delicate 16-nation consensus on which CoCom depends could crumble in the reshaping.

What the US is proposing is *tougher and more uniform* enforcement of strategic trade controls on East-West trade by its allies, in return for a loosening of the way these controls constrict the much larger volume of trade within the West.

The immediate motivation is the row that broke out earlier this year after disclosures that Toshiba of Japan and the Norwegian Kongsberg concern had sold equipment to the Soviet Union that might help it manufacture quiet submarine propellers. Last week, the West German Government blocked the sale of a civil inspection submarine to North Korea after US objections. Every year that passes without a solution makes the basic problem worse, however, because:

- Strategic trade controls impinge increasingly on goods with a primary or initial civil use, as new advances, such as those in micro-electronics, are introduced into the commercial market place, often well before they find an application in weapons.
- Many non-US companies are now "de-Americanising" their products to avoid having them caught in the web of US controls that require Washington's approval for the movement of goods and components of US origin *or design* anywhere *in the* world. Companies like British Aerospace have told companies like Hewlett-Packard of the US that, while they are top of the list in terms of desirable technology, the fact that they are American puts them bottom.

So, the US has called "a senior political meeting" of CoCom partners at the end of January. Mr Allan Wendt, the US State Department's official responsible for strategic technology policy, explained to a Royal Institute of International Affairs conference in London last month that the aim was to "revitalise CoCom through improved public understanding of its mission and a common, effective level of export licensing and enforcement throughout CoCom."

To this end, the US wants "concrete commitments" from its partners to put more police and customs officials on to the job of catching "techno-bandits" and to *increase their judicial penalties* for export control offences. The incentive for the Europeans and Japanese to make such commitments, said Mr Wendt, would be "phased elimination of export *licensing among CoCom countries*."

The ideal of a licence-free trading zone between Nato countries and Japan is something all CoCom members share. The obvious parallel is the European Community's ambition to create a single market by 1992 surrounded by a common tariff on imports, except that the CoCom zone would be bounded by a common control on exports. In fact, the EC plan is not just a parallel. It is a chief reason why a CoCom control-free zone is vital. After 1992, 11 European members of CoCom (the EC minus Ireland which does not belong to Nato and therefore not to CoCom) will find it difficult, if not legally impossible, to *maintain* security export controls on trade with each other.

More immediately, CoCom commitment to toughen enforcement of export controls could head off the US Congress from writing the "Toshiba amendment" *into its new trade law. At* the moment a House-Senate conference has before it an amendment to impose import bans on any foreign company (from a CoCom member country) which in the future violates CoCom-agreed trade controls, and to slap a ban of between two and five years on imports from Toshiba of Japan and Kongsberg of Norway in retrospective punishment for their 1983-4 sales to the Soviet Union of equipment that may have been used to make submarine propellers.

Even the US Defence Department, whose allegation that Toshiba machines have helped the Soviet Union reduce the noise and detectability of its submarines so inflamed Congress, now fears passage of the Toshiba amendment. It could provoke a retaliatory trade war, not only with Japan but also with Europe *which is even more sensitive to* US attempts to enforce laws in other countries. The Toshiba sales broke Japanese law (embodying the CoCom consensus) and the company has been punished by the Tokyo authorities, albeit not as severely as many Americans would wish.

There is, unfortunately, no ducking the politically sensitive, commercially frustrating and legally complex welter of issues involved in CoCom. The relative ups and downs in superpower relations are, or should be, largely irrelevant to the content of CoCom control lists. Even a new era of superpower good feelings, *such as may follow* this week's US-Soviet summit, will make little difference to the length of the lists, though it could end the 1982 ban on agreed "exceptional" sales of CoCom-embargoed technology to the Soviet Union itself.

As long as the Soviet Union remains the West's main potential *military adversary, the West* will want to keep the qualitative edge it has over the Soviet Union and Warsaw Pact in military terms, as compensation for the quantitative inferiority that Nato is unable, or unwilling, to redress. That means the West must try to prevent the East getting its hands on the latest technology of military significance.

The argument inside the committee rooms at rue de la Boetie has always been about what is militarily significant at any time. Differing defence responsibilities and East-West trade interests have always tended to lead the US and its European and Japanese allies to differing conclusions. Trade ministries carry greater weight in Europe and Japan; whose national delegations to CoCom sometimes include people seconded from private industry (from Philips, in the case of the Netherlands for example), while the US view has been powerfully shaped by its Defence Department in recent years.

Several factors have complicated CoCom's recent work. Member governments still fail to update the CoCom Industrial (dual use) list fast enough, particularly in computers whose civil and military use continues to explode, although some more personal computers were decontrolled in the summer this year. This logjam persists despite the introduction in 1985 of a rolling review with one quarter of the list revised every year.

Closely related to the issue of what should, or should not, figure on the CoCom list is the world-wide diffusion of technology. Technology equivalent to that controlled by Cocom is increasingly available outside the 16 CoCom countries. Clearly, CoCom countries are shooting themselves in the feet commercially *if they deny themselves* a sale to the Soviet bloc which a third country fulfils. The US, followed by the UK, has struck a variety of understandings with third countries - the European neutrals, and Singapore, South Korea and India in Asia - to persuade them not to pass on to the Soviet bloc controlled technology of CoCom origin. But few non-aligned countries have offered to restrict similarly their indigenous technology.

But it is the issue of enforcement of CoCom rules by CoCom members that most exercises the US at the moment.

Most CoCom governments, led by the US with the UK and France close behind, have put new resources in recent years into tracking down what Mr Wendt refers to as "the highly profitable cottage industry of illegal diverters." This "industry" is at work in all CoCom countries, including the US where *over 5,000 seizures of goods have* been made in the 1980s. But some countries present obvious loopholes for techno-bandits. For instance, neither Portugal nor Greece are big East-West traders in their own right, but the former country has no technology specialists in its customs service while the latter is accused (by other CoCom members) of laxity in enforcing controls, particularly via Cyprus. Italy does not even publish its control list.

Another US complaint is that some of its CoCom partners regard export control offences as an economic irregularity rather than a national security matter, and punish them accordingly. In addition, some countries have statutes of limitations on their law books which preclude any prosecution for an export control offence more than a couple of years after the offence occurred. The US will use any high-level CoCom meeting early next year to push for tougher, uniform judicial penalties in the alliance. *Though hardly a laggard in this*, the UK is considering an increase in its maximum penalty for export control offences from three to seven years.

However, the politics of CoCom reform is greatly complicated by US re-export controls, which govern the movement not only of US goods between other countries, but also within a given country. Positions on this are deeply entrenched. The US justifies extra-territorial controls as strategically necessary to US security and commercially fair to US companies.

But how would the US feel if the movement of a computer from *New Jersey to New York* depended on approval from London? All US allies dispute such US controls, and none more hotly than the UK which has flatly rejected US extra-territoriality in both statute law and declaration. Ironically, the UK Government is currently being sued by CEMI, a UK computer company, for failing to protect the firm against a US Government order barring it from receiving any US goods from either US or UK sources.

Earlier this year, the US Administration seemed to be in a new pragmatic mood, influenced by a US National Academy of Sciences study which claimed that export controls were costing the US $9bn (£5bn) worth of sales a year and nearly 200,000 jobs. In particular, it scrapped prior US authorisation for re-exports to CoCom and some Third World countries of goods with less than 25 per cent US content, *and to Communist countries of* goods in which the US content is both less than 10 per cent and $10,000 in value. But the Toshiba affair has since caused opinion to re-harden, particularly on Capitol Hill.

The real question is whether the US is ready to abandon or to moderate policy aspects that allies find objectionable (such as national re-export controls and pressure for a longer CoCom embargo list) before, or only after, allies agree to tougher CoCom rule enforcement. In a sense the US is now appealing over the heads of allied governments to the public. It evidently believes that giving CoCom a higher profile will bring improved public understanding and public support for it. This is questionable.

Western governments have, or ought to have, cause to shed some of their old inhibitions against mentioning CoCom in polite company. European Communist parties have either *declined (in France) or become de facto* Nato loyalists (in Italy). The Soviet Union writes and speaks freely of CoCom these days, and if it does, so should CoCom members. As one computer executive says: "In the army the one time you don't bother to encrypt a message is when you're giving the enemy's position, since he already knows it."

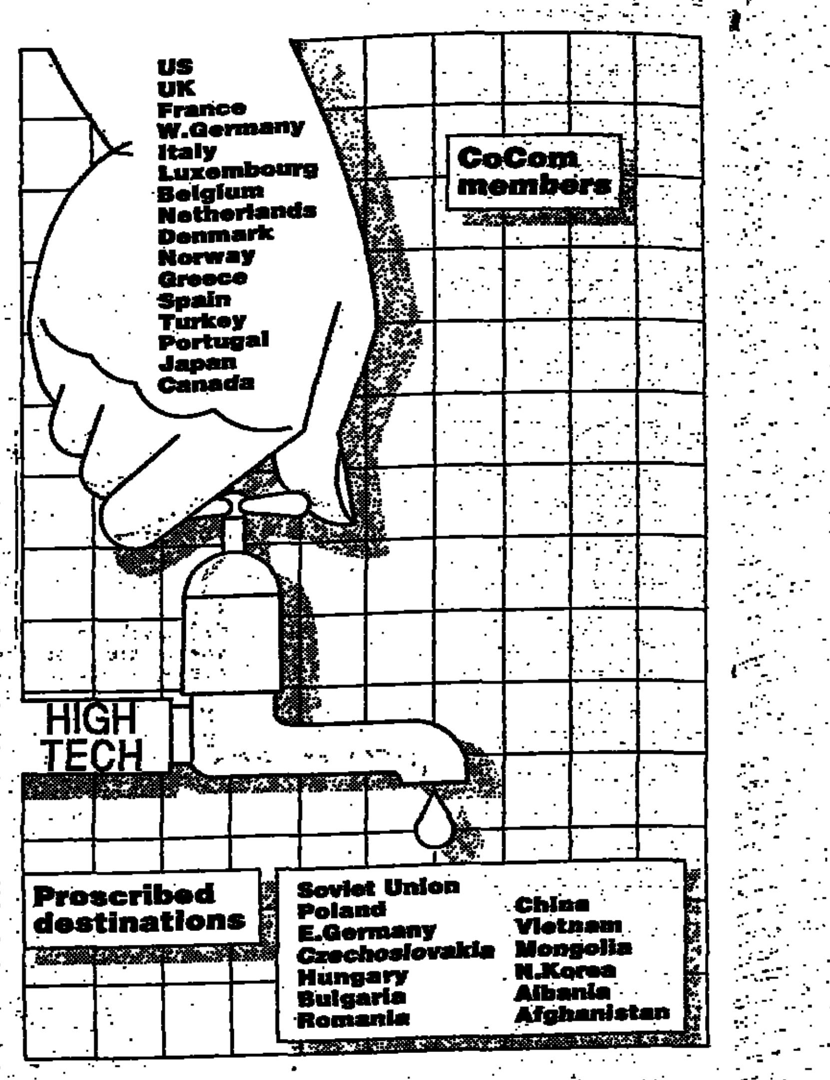
Some CoCom members, such as the UK, join the US in seeing positive advantage in at least "de-mystifying" the Paris committee as simply the venue for allies to co-ordinate national policies, rather than some sinister Smersh-like organisation run somehow for the benefit of US industry.

But most US allies would recoil from the full glare of publicity shining on rue de la Boetie. It is not just a matter of domestic political inhibitions. Much of CoCom's work in agreeing "exceptional" sales is sensitive commercially in that it could be used, or abused, to provide market tips to rivals. More important, publicity could quickly lead to politicisation, taking the form of opposition to CoCom. Spearheading that opposition might be a powerful alliance of the pro-industry right and anti-US left.

The lead the US claims and wants to protect

Technology	Soviet parity	US lead
Aerodynamics/fluid dynamics	●	
Computers & software		●
Directed energy (laser)	●	
Electro-optical sensors	●	
Guidance & navigation		●
Biotechnology		●
Advanced materials		●
Micro-electronic materials		●
Optics	●	
Power sources	●	
Automated production		●
Propulsion (air & ground)		●
Radar sensors		●
Robotics & machine intelligence		●
Signal processing		●
Submarine detection		●
Telecommunications		●

Source: US Defence Department 1987



Men and Matters

A laser brain for Bonn

For the moment, Christopher Mallaby, aged 51, deputy chief Secretary to the cabinet, is probably most famous for having ducked all the mud that has stuck to his luckless boss, Sir Robert Armstring, during the Spycatcher affair.

A clumsier deputy might have fallen with his sherriff. But Mallaby, his reputation and career intact if not enhanced by the sheer skill with which he has kept himself out of trouble, was named yesterday as Britain's new Ambassador in Bonn.

Mallaby was in the Bonn Embassy as minister from 1982 to 1985 and won himself a ferocious intellectual reputation. Tall, thin, and balding, he is described by one friend as being "extremely clever to the extent of tactlessness".

The Germans expect British ambassadors to be aloof and arrogant. But Helmut Kohl's government has never treated London with quite the same respect that Helmut Schmidt used to show.

France is the flavour of the month in Bonn. But with Mallaby, by all accounts, the Germans are in for a wholly new kind of ride.

'Laser brain', as he came to be known in Bonn, impressed Mrs Thatcher during his time in Downing Street, and played a major role in putting together the Anglo-Irish Agreement.

But the appointment is, on balance, probably not a political one. Mallaby is not thought to be very taken with 'Thatcherism'. An apparently tireless and "boundlessly self-confident" lobbyist, "he is one of the brightest people in our service", says an admiring acquaintance.

Mallaby went to Eton and *Cambridge. One of the British* foreign services' top Sovietologists, he speaks fluent Russian and German. He is likely to take more than a passing interest in the blossoming affair between Bonn and Paris — not least because his wife is French.

Box office

Tomorrow morning at the uncompanionable hour of eight o'clock 40 women will gather together at Bristol's Grand Hotel for a seminar on how to get on in, and get into, business.

Combining work with pleasure - they have all promised to be back at their desks or whatever by 10am - they will be introduced to the business of starting a concern.

However, this will be no ordinary seminar. Indeed it promises to be quite an entertainment.

The idea stems from the accountants Peat Marwick McLintock. Instead of the slides and graphs that help keep men awake, subjects like covenants for children in higher education, inheritance tax, maintenance payments for divorced mothers, and creche facilities, will be contained within a playlet.

Peats will have Mary McCombe, who runs her own employment agency in the city, on hand to introduce the morning, which has attracted doctors, dentists, lecturers, teachers, bankers and even an artist.

Sue Towner of Peats says that while the novel format is intended to provide an insight into taxation and finance for professional and business women it is also intended to be an outline of what business is all about for those who might want to start on their own.

One of the subjects on the agenda is dress allowances. I wonder how often that has been a matter for board-room discussion.

Complaints time

Tory backbench critics of the Post Office are in no mood to allow the settlement of the dispute which threatened the Christmas mail, or the seasonal spirit, to deflect them from pursuing their quarry.

Teresa Gorman, who entered the House in June as the Conservative successor to Harvey Proctor as member for Billericay, yesterday gave notice that on January 12 — the day after the House reassembles after the Christmas recess — she will seek leave to introduce a private member's bill to end *the Post* Office's "exclusive privilege of conveying letters".

The bill has virtually no chance of becoming law. But by using the 10-minute rule procedure Mrs Gorman will have an opportunity to speak at prime time in the Commons to deliver more complaints about the Post Office which is *fast approaching* its old stable companion — the now privatised British Telecom — as a front runner in the "most complained about stakes".

Season's customs

There's something about December 8, a religious holiday in Austria, which sets Austrian bureaucrats and entrepreneurs on fire, although for different reasons.

The entrepreneurs who are on the verge of rebelling, complain that the shops remain closed all day. Bureaucrats, in contrast are in their element. For today is the day that the Austrian customs officials stationed on Austria's border crossings start taking their jobs very seriously.

Over the Christmas period in particular, thousands of Austrians cross into neighbouring Hungary, venture into Czechoslovakia and Yugoslavia, and drive up to west Germany or Switzerland.

Don't think they are going for the sight-seeing. The Austrians go for one reason — to shop.

Hungary, for Austrians at least, is far cheaper than Vienna, now one of the most expensive cities in Europe. At the weekends, Austrians stock up with wines and cigarettes, cigars and the famous Hungarian goose liver. They also visit the doctor, the dentist, and the hairdresser in the Hungarian border town of Sopron. Even west Germany is worth the drive to buy videos and compact discs.

Depending on the time of year, Austrian customs officials turn a blind eye to those who exceed the limits. But last week Ferdinand Lacina, the finance minister who is trying to cut a huge budget deficit, issued a warning to the effect that no one would be spared fines.

From today, when Austrians return from making one of last pre- Christmas shopping sprees in Hungary, they will face tough customs restrictions at the borders. The relentless Austrian smoker will be allowed take only 200 cigarettes, and a mere 2.1 litres of spirits. Those who exceed the limits will have to pay fines or taxes.

Austrians are complaining about this lack of spirit. But the authorities in the Burgenland, Austria's most eastern province which borders on Hungary, says this kind of spending by Austrians costs the province over Sch700M (£35m) a year.

Of course, if things were cheaper in Austria, and if the shops stayed open during the weekend, maybe Austrians would spend their savings at home.

Meanwhile, the Hungarians are complaining too. They reckon they will lose much-needed hard currency with the clampdown.

Life styles

Some people in the City are not being slow to recognise that we live in uncertain times.

In past years I have received *from stockbrokers a great many* diaries crammed with such welcome tips for high living as vintage claret ratings, and lists of de luxe hotels.

But this year one London firm is breaking new ground by including in its 1988 diary details on social security entitlements and statutory provisions for redundancy.

Observer

The danger of leaving the superpowers to their own devices

IF ANYONE in the US, or indeed any other Western country, is still in ignorance about the summit between President Ronald Reagan and Mr Mikhail Gorbachev, which gets underway in earnest in Washington today, they must be either blind, deaf or illiterate.

The American television networks and newspapers have told us everything there is to be known about the sniffer dogs guarding the manholes on Pensylvania Avenue, Mr Gorbachev's rebellious behaviour as a student when he penned rude notes to his Stalinist lecturer and "the wife gap" which has opened up between Raisa the intellectual and Nancy the socialite.

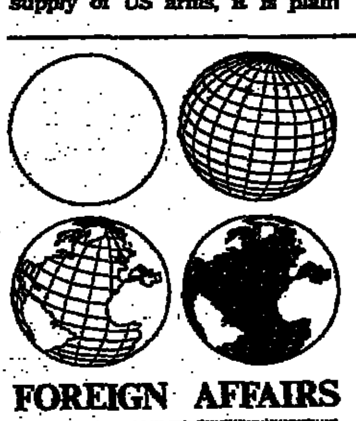
Every new wrinkle in the respective US and Soviet positions of strategic arms reductions has been faithfully reported and every "refusenik" outside Siberia has had a microphone stuck in front of him or her. Summit indigestion has become the latest American health hazard, which at least has the advantage – from Mr Reagan's point of view – of pushing less curable maladies like the economic situation temporarily into the background.

Yet, amid all the hullabaloo, one absolutely fundamental question has hardly been asked and has certainly remained unanswered. Is bilateral summitry between the superpowers the best way to solve the world's problems and, even if that is accepted, should it be conducted in the way it is at present?

The proponents of superpower summitry have an obvious case. It is the piper that calls the tune; in this case two pipers. There is no important international issue which cannot be radically influenced by either the US or the Soviet Union individually, or the two powers in concert. If real progress is to be made towards solving such problems, the necessary precondition is usually agreement between the US and the Soviet Union. Furthermore, heads of state can often take the imaginative decisions that lesser officials are either unauthorised or afraid to take.

Nuclear arms control, which forms the centrepiece of the summit, is an obvious example. Since the US and the Soviet Union are in possession of most of the nuclear arms in the world, any arrangement to reduce those weapons must depend in the first instance on a bilateral accord, even if the allies of both sides have to be consulted. The agreement on the abolition of intermediate-range nuclear forces (INF), due to be signed today, is a case in point. Strategic arms reduction (Start), on which President Reagan and Mr Gorbachev confidently expect to make good progress, is another. While the British and French nuclear deterrents cannot be ignored and will have to be brought into the equation sooner or later, it is recognised that they make only a relatively small contribution to the overall strategic nuclear balance.

The same is true for the regional problems on the summit table in Washington. Take Afghanistan, for instance. With Moscow embroiled in a seemingly interminable war against the Afghan and Mujahideen rebels whose legendary staying power has been bolstered by the supply of US arms, it is plain that only an agreement between Moscow and Washington for the withdrawal of Soviet troops and a broadly based interim government can unblock the situation.



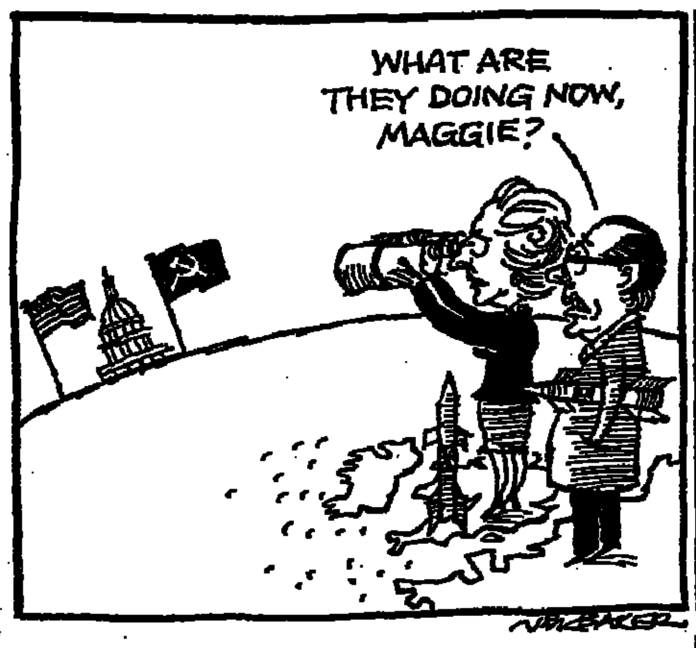
FOREIGN AFFAIRS

Robert Mauthner examines whether superpower summitry is the best way to solve the world's problems, particularly from a European viewpoint

The arguments in favour of superpower summitry are therefore convincing, but they are not conclusive. The Reykjavik Summit, of October 1986, between Mr Reagan and Mr Gorbachev showed that when two such powerful men are left alone together, things sometimes get out of hand. Their vision of a nuclear-free world may have been shared by many people on this planet. But that is hardly the point.

The project to eliminate all ballistic missiles in addition to all medium-range nuclear weapons, which foundered only on President Reagan's refusal to abandon the Strategic Defence Initiative (SDI), was a joint Soviet-American dream to which no other governments were privy. It had not been conceived in co-operation with Washington's Nato allies and was not in line with either the policies of the west European governments or the existing strategic doctrine of the Western alliance. The Soviet union's Warsaw Pact allies would probably have had the same reservation if they had had a say in the matter.

The lesson of Reykjavic is that it is sometimes dangerous for others to leave the superpowers to their own devices, and that the remote control system of pre- and post-summit consultations by the US with Nato allies does not always function as it should. Mrs Margaret Thatcher, the British Prime Minister, is alone among the leaders of Washington's allies – who tend to complain bitterly but ineffectually after the event – in taking energetic steps to improve the alliance's cohesion in the face of superpower aberrations such as Reykjavic.



After the summit in Iceland, she went to see President Reagan at Camp David to present the European case. The two leaders jointly established the fundamental points of the Western arms control position, including the 50 per cent reduction of strategic nuclear weapons to be discussed at the present summit.

Again, last weekend, it was Mrs Thatcher who urged President Reagan by letter to agree on a compromise with Mr Gorbachev on SDI – a compromise which it has to be said was already being mooted by both sides. It can hardly be argued however, that such *ad hoc* and often belated actions are an acceptable substitute for a properly thought-out European defence policy and strategy.

Public expressions of support for US policies ahead of summits are often dictated as much by the desire to give the other side an impression of unshakeable Western solidarity as by anything else. As a result, the nuances of European positions are sometimes lost. Such was the case with the declaration of support for the INF Treaty issued by the heads of government at the European summit, in Copenhagen, last weekend.

It is certainly true that the European members of Nato have always backed the elimination of a substantial number of medium-range nuclear weapons. However, most of them would have preferred a zero to a double zero option, which would have kept in place the shorter-range INF weapons and thus have given greater credibility to a continuation of the alliance's strategy of flexible response.

What the European declaration of support has failed to signal to the Washington summit is that the double zero option, coupled with the latest US defence budget cuts, has revived latent fears of American troop cuts in Europe. All these factors have given a boost to the plan to conduct a fundamental reappraisal of Nato's security needs, particularly the role of arms control, which is long overdue.

Equally, a 50 per cent reduction of the superpowers' strategic nuclear arsenals, supported at least in principle by both the US and the Soviet Union, has important implications for Europe. True, the proposed reduction of strategic weapons would not undermine the hallowed strategy of nuclear deterrence espoused so enthusiastically by the French and British governments. Deterrence can be as great at 6,000 nuclear warheads on each side as it can at double that number. But the trend towards a much lower level of nuclear armament, even if it does not lead inevitably to denuclearisation, certainly *shifts the emphasis of arms control* back to conventional forces and especially those stationed in Europe.

Given the considerable consequences for Europe of any superpower decisions on arms control, it would not have been unreasonable to expect the Europeans to prepare a coherent position on security and defence, which would have fleshed out the joint security platform adopted by the seven-nation Western European Union in the Hague last October. Such a document could have been taken into account at the summit.

Instead, we again have the situation in which the US and the Soviet Union have been given, if not a free hand by the Europeans, at least a brief that is lacking in precision and detail. In the admittedly unlikely event that President Reagan is tempted once again to indulge his utopian fantasies, those on the European side of the Atlantic will have only themselves to blame.

Urban renewal

Why Sheffield prefers its own solutions

By David Blunkett

SHEFFIELD has always prided itself on its own special identity. Sometimes this can be seen as very parochial, but it has the great advantage of drawing people together so they feel an affinity both to others living in the city and to the concept of the *city itself (something the Prime* Minister was commenting on in respect of her memories of civic pride and municipal government in an interview with the Financial Times on November 23).

Actions by "outsiders" are, therefore, always treated with suspicion whatever the politics of the evangelist or missionary. Yesterday's announcement by the Secretary of State for the Environment of a number of *new mini urban development* corporations to administer local inner-city regeneration programmes is seen in this light, although Sheffield is not included, at least for the time being.

A positive response by the Government to a locally agreed solution is of great concern to all living, working and having their future rooted in the city of Sheffield. Rapid economic and social change, the decline of the highly skilled and high status steel and engineering base of the city led to sharp words and the emphasising of ideological differences. Much of this has now been overcome by people talking with each other and recognising that we swim together or sink separately.

As a result, politicians representing Sheffield on the city council, Members of Parliament (there are six of them), the Chamber of Commerce and local industrial and commercial interests, the university and Sheffield City Polytechnic, research associations and community groups are united in their desire to work together to find a solution to the rapid change which has beset the city.

Agreement is now evident that the Government's political predominance has to be acknowledged. Yet the central role of the city council, as by far the largest employer and major economic contributor, has also to be accepted. The council in its turn now welcomes the partnership between the private and public sector, between local industry and all the various elements that go to make up a proud and skillful city - not a down-trodden, demoralised urban sprawl. It is with this background in mind that it is necessary to consider the initiatives now being taken.

Major new shopping and leisure complexes are either under construction or about to be commenced. Also underway are the regeneration of the canal basin, the development of the Pond Forge site and the joint progress made on establishing the Sheffield Science Park. The very close working arrangements and co-operation in winning the bid for the World Student Games to take place in Sheffield in 1991, and the commencement of construction schemes for this, helps to act as a catalyst for wider economic regeneration. Above all the prospect of the proposed regeneration of the Lower Don Valley (the former steel and engineering heart of Sheffield) offers hope for the 21st century.

It is this latter scheme which forms the basis for debate about whether Sheffield should have imposed upon it an urban development corporation. The question is not whether Sheffield welcomes the support and backing of central government in terms of cash, nor the fact that the private sector will have a major part to play in determin*ing the shape and nature of the* development, but whether the government has to impose a stereotyped solution on the city.

It has been hoped that Sheffield may be used as an example of a willingness to have at least a little open-mindedness about the possibility that different economic, social and political cultures - genuine diversity within the United Kingdom - might gain recognition from the ideologues *within the Cabinet. The consul*tancy established between the Sheffield City Council, the Chambers of Commerce and the British Steel Corporation, together with the Department of the Environment and the Department of Trade and Industry, gave Coopers and Lybrand the task of laying out a possible senario and detailed financial and structural appraisal for the future of the Valley. They proposed as their ideal solution an urban regeneration project, which would allow for central government funding as a lever for private sector investment on the ratio of three to one.

Their proposals, therefore, envisaged slightly less public investment than was currently envisaged for some other urban development corporations, but unlike the imposed solution of a UDC, the city council and community would have a part to play in the planning and implementation of the programme. Instead of a chief executive and a wholly appointed board imposed on the city by the Secretary of State, the proposal agreed by all the interests mentioned here would genuinely build on the local partnership already established.

Of course, all concerned are naturally worried that the question might be "you get what we intend to give you or nothing at all". Nothing at all would be a major disaster for this area and its chance of revitalisation and grasping the opportunities of the new technological revolution. Britain's fourth largest city needs government support if it is to survive.

Yet it wants to be able to do it in its own way with people genuinely finding answers for themselves and working out solutions which fit the history, the culture and the craft skills of the city. The very basis of democracy envisages that people can have a say in determining their own lives. An enterprise culture must surely entail giving people the ability to use their initiative to the full.

This can best be done by building on strengths rather than exposing and heightening weak*nesses and divisions. There is* certainly a division between the Department of Trade and Industry, who wish quite clearly to involve local people in both finding solutions and in their implementation, and the Department of the Environment whose politicians appear determined to carry through a pre-set format for every circumstance.

It is to be hoped that some commonsense can prevail in ensuring that give and take is accepted in the spirit of co-operation now evident in Sheffield, rather than cynically crushed in order to exploit the realistic steps taken by political opponents. This could only be seen as vindictiveness of the worst order, rather than a genuine attempt to restore full employment, regenerate the economy and contribute to the general well-being of the region as a whole.

The author is MP for Sheffield Brightside and former leader of Sheffield City Council

Letters to the Editor

Reluctant engineers

From Dr Colin Boswell.

Sir, You report (December 3) the immediate outburst of criticism by the Engineering Council of the article in the Department of Employment's Gazette which reveals that, in terms of the number of engineering graduates emerging from universities and polytechnics, the UK does not suffer "a significant disadvantage compared with our competitors." The Director of the CBI totally disagrees, and states that "everyone working in engineering knows that Britain needs more and better engineers".

It does not seem to occur to the critics that both viewpoints may be equally valid and for a very simple reason: the reluctance of our engineering graduates to enter the engineering industry.

For three years I have acted as external examiner for French course units at a prestigious technological university. During the course of the oral examination with engineering finalists, the conversation would inevitably come round to the candidate's planned future career. I was astonished at how many (roughly 50 per cent of the chemical engineers) reported that they hoped to become an "expert comptable."

It would seem that we have an insatiable appetite for accountants in the UK, for one major accountancy firm reports that it currently recruits annually 400 graduates (of any discipline). Perhaps the lure of work in comfortable and well-furnished offices is stronger than the night-shift at Scunthorpe.

But there is also the question of salary. Presumably the critics of the Department's report are believers in market forces. If it really is true that there is a desperate shortage of engineers, perhaps there is a simple market solution.

Colin Boswell,
Warmington Tower,
Lewisham Way, SE14

Unsolicited loans to young people

From Mr Brian Mills.

Sir, Is it not time there was an investigation into the unsolicited attempts by certain of the banks to get young people to borrow money beyond their means, with - of course - disastrous consequences?

Only last week my oldest daughter, who banks with a major joint stock bank, received two separate, unsolicited communications from that bank inviting her to become a credit card holder and also to borrow money to buy a car. The car loan offer is: up to £5,000. My daughter will not be 18 until next year. She receives only a very modest salary, and if she took up the offer made to her I doubt very much if she would be able to keep up the instalments.

Brian Mills,
19 The Broadway,
Thorpe Bay,
Southend-on-Sea, Essex

There is no surplus of food in Sudan

From Mr M. Salih.

Sir, Mr Charles Gurdon's suggestion (Letters, November 28) would be ideal if there were a surplus of food in Sudan. Alas, there is not.

Sudan's crops this year are short by about 40 per cent on average. In four provinces - Kordofan, Darfur, Bahr El Gazal and Upper Nile - the deficiency is about 70 per cent. Already a sack of sorghum which is selling at 100 Sudanese pounds in Gedaref in the east of Sudan, the main grain area, is fetching 1000 Sudanese pounds in Wau in the south west of Sudan.

The Government has already announced that there are about three million people in the west and south west who urgently need food to be sent to them. About 650,000 tons of the 720,000 tons of sorghum bought this year by the Agricultural Bank has already been exported. The government has been ill-advised to have allowed exports of sorghum this year, and it has just awakened to that fact.

M. Salih,
28 Ennismore Avenue,
Guildford, Surrey

Employees could pay the same price

From Mr David Cohen.

Sir, The Government has just published draft legislation to exempt directors from income tax on any benefit which they derive from being entitled to priority allocations in new issues. I *am writing to draw attention to* a flaw in the draft wording which would unfairly exclude certain employees from the exemption.

The draft clause is expressed as applying only to fixed price offers. An earlier Government press release explained that "the exemption will not apply where the offer to the public is wholly by tender and the employees are entitled to subscribe for shares at a fixed price below the price for which shares are sold to members of the public in the tender".

This statement clearly refers to a case in which the employees are entitled to subscribe at the minimum tender price, whereas members of the public must pay the - higher - striking price. Since such employees are paying a discounted price, it is understandable that they should be treated less favourably than fixed price priority applicants who are paying exactly the same price as the public.

However, in confining the exemption to fixed price offers the draftsmen appears to have overlooked those tender offers in which employees are given priority rights to acquire shares at the general striking price (in fact, the more common form of employee priority in recent tender offers). Since these employees, in common with fixed price applicants, are paying the same price as the public, it is manifestly unfair to deny them the exemption.

Perhaps the omission reflects a belief on the part of the Government that the acquisition of priority shares at the striking price in a tender offer can never constitute a taxable benefit and that such employees therefore do not need the protection of the new exemption. But if a tender offer is over-subscribed at the striking price and the shares go to an immediate premium, the benefit is surely just as tangible as under an equivalent fixed price offer.

If it is acknowledged that this discrimination against tender offers is unjustifiable, then the position can easily be rectified - while retaining the tax charge for employees who acquire shares at the minimum tender *price - by providing that the new* exemption will apply equally to fixed price and tender offers, but in each case only if the employees pay the same price as the general public.

David Cohen,
Paisner & Co,
Bouverie House,
154 Fleet Street, EC4

Training happens north of Watford

From the Programme Manager, Northern Regional Management Centre.

Sir, Am I the only reader of *your newspaper to find objec*tionable the extreme southern bias of your survey on training (November 18)?

In the north east alone, employers and trainers have *joined forces to produce pro*grammes for supervisors and middle managers that are skills based, focus on the work environment, and lead to national qualifications. More than a dozen companies have been involved in *this project, and the result has* been two programmes which can be operated in partnership anywhere in the UK.

I hope for the sake of enlightenment and informed debate any future surveys on training in industry will raise their eyes beyond Birmingham and the Home Counties and look at the broader picture.

George Boak,
Derwent House,
Washington New Town
Tyne & Wear

The alternatives are a measure of US inflation - or a depression

From Mr James Bourlet.

Sir, Paul Craig Roberts (November 11), Samuel Brittan (November 12), Peter Oppenheimer (November 20), and even Alan Bartlett (November 23) have all agreed with Milton Friedman that the US government deficit was not the immediate reason for the stock market crash, and that a more plausible central cause was the rises in US interest rates during the preceding few months, necessitated by a fear in the US of foreign (and particularly Japanese) disinvestment in US bonds.

Such reasoning, however, dangerously ignores the inevitable interaction of fiscal and monetary policy, and places unrealistic expectations on any future reductions in US government deficits.

Consider for a moment that other developed countries (such as Italy) do on occasion run large government deficits while - despite having inadequate nominal domestic savings - avoiding the need for massive sales of bonds abroad. This is achieved through an accommodating monetary policy.

To spell this out bluntly, governments sometimes spend excessively to maintain prosperity (or to finance particular ambitions such as military arsenals or capital infrastructure reconstruction), their banking *institutions simultaneously issue* credit to finance the required bonds, inflation follows, thus forcibly augmenting domestic "savings" which allows foreign indebtedness to be avoided.

The conflicting directions of US fiscal and US monetary policies have been temporarily reconciled through foreign borrowing, but one has to accept what has happened. Since the US government deficit has "outstayed its welcome" by a couple of years at least, the "damage" has already been done.

If western world prosperity is *now to be retained it is therefore necessary to* turn to a close examination of conservative Federal Reserve monetary policy. A relaxation of money supply growth policy, involving drastically reduced real US interest rates, may well be the best available course. The grim alternatives now are a measure of US inflation - or a major depression.

James Bourlet,
Economic Research Council,
1 Old Burlington Street, W1

FINANCIAL TIMES

Tuesday December 8 1987

Government's fight against the Contras has led to hyper-inflation reports Robert Graham in Managua

Nicaragua prints its way to economic ruin

ADJECTIVES are fast running out to describe the plight of Nicaragua's crumbling economy. The effects of sustaining the war against the US-backed Contra rebels are becoming more widespread and more acute by the month.

The chief barometer of the increasing shambles is hyper-inflation, caused by the printing of money to finance the war, which accounts for more than 30 per cent of government spending. Budget receipts cover less than 60 per cent of total expenditure.

The opposition in Managua wryly comments: "The Sandinistas haven't liberalised the press, only the presses." Inflation is unofficially running at 1,500 per cent a year.

The economic situation has deteriorated so fast that it threatens to undermine the will to fight and provides the most powerful incentive for the Sandinistas to end the seven-year-old war.

The appearance in October of a 20,000 cordoba ($10) note, over-printed on a denomination of 20, has become a potent symbol of the nation's worthless currency.

A year ago at the little-used official exchange rate 20,000 cordobas would have bought $285 and $7 on the free market. By July it was worth just more than $2 on the free market and has now fallen below 95 cents.

The accelerating decline in the value of the currency is encouraging an ever-growing dollar economy on the one hand and non-monetary exchange on the other, as people rely on government rations, barter and back-garden produce.

The dollar is the sole security in a world where cordoba wages have lost 75 per cent of their purchasing power since 1980. The Government recognises this by giving pay bonuses which can be cashed at the special dollar stores - now an essential ingredient of Nicaragua's contorted revolutionary economics.

Patrolling Sandinista soldiers pass a farmhouse flattened in a Contra attack: the Government is anxious to retain the loyalty of agricultural communities, which bear the brunt of hostilities

Even paltry dollar salaries are seductive these days. Recently a senior civil servant took a private sector job for $160 a month, three times the purchasing power of his cordoba pay.

The dollar economy is fanned by the existence of the large Nicaraguan community in the US, which remits an estimated $130m a year. The central bank and its foreign exchange arm, the Casa de Cambio, handle as little as 4 per cent of this, according to a recent study by the semi-official Nicaraguan Economic Research Institute.

Scarcity of essential goods because of production and distribution problems exacerbates inflation and the merest whisper of price rises can keep products such as petrol and eggs mysteriously off the market. Prices are rising at dizzying speed. In less than four months the price of a pound of beans has risen from 5,000 to 8,000 cordobas.

A system of rationing cards at subsidised prices softens the impact of scarcity and inflation. This mainly applies to the countryside, where the Sandinistas have consciously sought to retain the allegiance of the "campesinos" who are in the front line of the battle against the Contras.

The war is making ever bigger demands on scarce labour. With 10 per cent of the labour force on call-up and a growing number of war invalids, there is a serious labour shortage for harvesting coffee, the main cash crop.

Discontent among organised labour is more noticeable. Last month workers at Corinto, the country's main port on the Pacific, walked out for two days when management tightened sanctions on pilfering and rejected a 300 per cent wage demand for the last quarter.

The accumulated effect of a lack of foreign exchange to buy spares, limited credit, power failures and a steady drain of skilled labour is sapping the lifeblood of industry. According to one prominent industrialist who has always sought to be sympathetic to government policies: "Production is slowly grinding to a halt."

Tanic, the tobacco monopoly controlled by BAT, the multinational conglomerate, is waiting to obtain a mere $9,000 for spares to clean its boilers, something it is obliged to do by government regulation.

The shortage of foreign exchange is a direct result of the US economic and trade embargo on Nicaragua. The Government estimates that up to last year, losses caused by the war and the US embargo were equivalent to one years's gross domestic product.

Foreign aid has not matched this loss and trade is stagnant. This year exports will earn $270m, leaving a trade gap of more than $600m. No one knows how this gap will be bridged and Nicaragua is paying virtually nothing on its $7bn foreign debt, although annual payments should be $1.6bn.

According to figures supplied to the UN in September, Nicaragua received $231m in bilateral assistance last year and $23.3m from international agencies in the year to May 1987. The Soviets have stepped in with military aid, credits and commodity assistance, but not as generously as the Sandinistas would like, or the US pretends.

The Soviet Union now accounts for 40 per cent of Nicaraguan trade. According to Soviet figures, this two-way trade last year was worth 284m roubles ($476.7m).

However, the Soviet Union has been supplying only what is strictly necessary. Earlier this year, vital oil supplies were held back as Moscow tried in vain to get Latin American countries to resume crude shipments. Last month Mexico again refused to make a firm commitment on this, owed as it is about $650m for oil supplies.

In the past few months the Government has been casting around desperately for further aid and new ideas on economic policy. Advice has been sought on stabilisation programmes and "heterodox shock" treatment from Argentina, Bolivia, Brazil and Peru.

However, all these countries have either had a cushion of international support or their own reserves to launch their programmes. At the same time Nicaraguan officials are none too impressed by the results.

With the Government uncertain where to turn, there is a complete absence of direction in economic policy.

The Sandinistas seem to have placed great faith in some form of diplomatic solution to the conflict in Central America, which will bring with it fresh quantities of aid.

This is a dangerous gamble. If the peace process fails, they will be left more vulnerable to the pressures of continued conflict.

THE LEX COLUMN

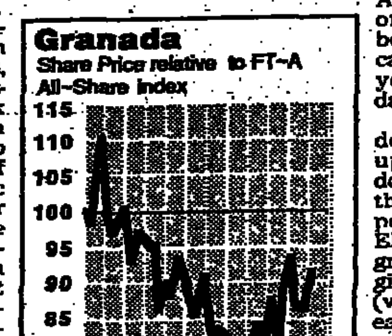
The power of ready money

Yesterday's outburst of bid activity showed that there is life in the corporate finance game yet, but it also seemed to draw a significant line between the weak and the strong in the post-crash market. On the one hand two companies with market value of £200m–odd apiece, MK Electric and Birmid Qualcast, have their backs to the wall against hostile bids for cash. By contrast Williams Holdings, which falls in the £500m league, seems able not only to make a £133m acquisition but to induce the institutions to take £100m–worth of its paper.

The contrast may partly relate not to the companies' prospects but to their absolute size. In the worst days of the crash some of the middle–ranking beta stocks proved almost impossible to sell. Institutions might be forgiven for being receptive to offers for their entire holdings in such stocks at above market price, especially in the run–up to their year ends. On the other hand, it will be partly a reflection of Williams' greater liquidity that it has been able to mount the biggest cash–raising exercise since the crash.

In MK Electric's case, it is a brave management that is prepared to rebuff not one, but two successively higher cash bids for a company with a lacklustre trading record. RTZ opened the bidding for MK Electric a fortnight ago with a 550p offer pitched a third above the latter's depressed share price, and yesterday MK Electric rejected a 660p offer from Legrand. Although MK's shares had traded above 700p last week, after news of its abortive flirtation with Siemens leaked out, they had never traded at current levels prior to the takeover battle. But judging by the 6p rise in MK's share price to 667p last night, there must be a belief that MK can still make a credible case for turning down the latest offer which values it at around 17 times current year earnings.

The key attraction for Legrand is MK's control of a giant chunk of a market that it has not been able to penetrate, and MK's view is that neither bidder has shown that it is prepared to pay the premium necessary for it to concede control. The big danger for MK is that it gets carried away with its own self-importance to the detriment of its own shareholders. If a new bidder does not emerge and both bids lapse, MK will have more than 30 per cent of its shares in the hands of two hostile shareholders. Given that RTZ is the wealthier of the two, it could still hold the key to MK's future.



It can certainly afford the kind of hard-nosed attitude also shown by Blue Circle, which evidently feels that the 50 per cent premium it is offering to Birmid's end-November price matters more than the 13p discount it represents to last night's closing price of 313p. Williams' shareholders, meanwhile, may yet suffer the disadvantages of paper versus cash. Williams' closing price yesterday of 190p was only 5p clear of the price of the issue.

Granada

Granada is one of those UK–based recession–proof companies which seemed drab in the bull market and look a good deal more interesting now. Last year's results – earnings per share up 20 per cent, in line with the four year average – may be hard to repeat in 1987–88, but the group's main rental business is still usefully contra–cyclical. On the other hand, the slow decline in the rental market also means that Granada needs to do something dramatic to bring sparkle to the business in the longer term. This is where Electronic Rentals comes in, and it will have been discouraging for Granada to see Electronic Rentals' share price closing yesterday at 75p, a good 10p short of Granada's agreed offer.

The snag, of course, is the Office of Fair Trading. Granada and ERG would have some 35 per cent of the rental market between them, compared with Thorn's 43 per cent or so. There is no saying whether the OFT will buy the argument that rental is just a part of electronic retailing, though it has shown itself capable of defining markets pretty narrowly in the past. At least the decision on whether or not to refer should come before Christmas, and in any case no more than 21 days after yesterday's despatch of Granada's offer document.

ERG's shares are therefore a delicately poised gamble. The upside may be 10p, but the downside could be double that if the bid were blocked. Granada's position is less clear. Without ERG it might produce earnings growth this year of 15 per cent, giving a multiple of 9 at 272p (with ERG, there would be slight earnings dilution). That might seem fair on fundamental grounds, but the snag is that Granada has drawn attention to its strengths if it wins ERG, and by implication to its weaknesses if it does not.

S&W Berisford

A bit of predatory attention concentrates the mind wonderfully on public relations. With an audio-visual arsenal at its fingertips, S&W Berisford yesterday set out to prove that its old-style secrecy has been exchanged for candour, and the one-man band has become a team effort. The market reacted to the appearance of *glasnost* – bolstered by better than expected results and a dividend increase – by marking the shares up 5½ per cent to 269p.

Comfort was to be found in a number of areas: from the realisation that the company's traditionally high gearing should work in its favour in times of lower interest rates, and from the announcement of a major deck-clearing operation in the loss-making commodities division. Meanwhile, in the cosy world of British Sugar, productivity gains should keep earnings growth strong. Pre-tax profits of the food division, which accounts for around half of earnings, should increase by 15 to 20 per cent in the current year.

But that still leaves the non-sugar half of the business to worry about. Management improvements there have undoubtedly been; but the volatility of the divisions based on trading – financial services, property and commodities – scarcely inspires confidence. Historically, Berisford's p/e has been at a 20 per cent discount to the sector, and there seems little reason to amend this unless another bid for British Sugar should emerge. This is not yet out of the question; both Tate & Lyle and Associated British Foods have been frustrated as bidders, but neither has renounced its sweet tooth.

Legrand tops RTZ bid for MK

By David Waller in London

LEGRAND, the French electricals company, yesterday made a counter-bid for MK Electric, valuing the UK electrical accessories manufacturer at £255m ($456.5m). This compares to the £206.5m value of the original unwelcome offer from RTZ, the mining and energy conglomerate.

The French company's move was expected. It signalled its intention to bid last Thursday after accumulating over 9 per cent of MK's shares.

MK rejected Legrand's counter-bid, saying that the offer price did not reflect either its growth prospects or its "unique" position as UK market leader for electrical accessories such as sockets and plugs.

RTZ - which holds 21.7 per cent of MK's shares after a dawn raid two weeks ago today - said only that it noted Legrand's offer.

Although little known in the UK, Legrand is the leading manufacturer of low-voltage electrical accessories in continental Europe. In 1986, turnover amounted to FFr4.5bn ($802m), and pre-tax income to FFr567m.

This compares to MK's turnover of £141m ($252.4m) last year and pre-tax profits of £19.6m.

Mr Francois Grappotte, Legrand's deputy-chairman, said that the acquisition of MK would fit well within its strategy of expansion beyond its traditional base in France, where the company dominates the market for electrical accessories in the same way that MK dominates the UK market.

He said: "There is a complementarity in terms of products, technology and markets served. The offer creates the opportunity for both companies to grow more rapidly than they can at the moment."

Legrand's cash offer is for 660p per MK share, 110p above RTZ's initial offer and 59 per cent above the share price on November 23, the day before RTZ launched its bid. MK's shares closed at 667p yesterday, 6p ahead of the opening price.

EC ministers want pressure on US to stabilise the dollar

BY QUENTIN PEEL IN BRUSSELS

EUROPEAN Community Finance Ministers yesterday urged their colleagues in the Group of Seven (G7) industrialised countries – France, Italy, the UK and West Germany – to increase pressure on the US for a rise in interest rates to stabilise the dollar.

In a wide-ranging debate on the state of the world economy in the wake of the stock market collapse, they agreed that there was little purpose in a G7 meeting without further measures to counteract the continued weakness of the US currency.

No formal statement was issued from the lunchtime discussion, but individual ministers reported the conclusions that the US should be asked to match last week's co-ordinated European interest rate cuts with a comparable rise on the other side of the Atlantic.

Mr Onno Ruding, the Dutch Finance Minister and former chairman of the IMF interim committee, said a slight increase in US interest rates would bolster confidence in the currency. He said the US economy was suffering from two major problems: the size of the federal budget deficit, and the low level of savings.

Mr Nigel Lawson, the British Chancellor of the Exchequer, said there was no sign of a decision yet on a G7 meeting, but the move was now up to the Americans. He felt the European Community could not take any decision to influence that.

Mr Ruding said the ministers also voiced strong criticism of the currency policies of the newly industrialised countries of South-East Asia, which had tied their currencies to the dollar in spite of enjoying substantial trade surpluses. This amounted to a distortion of competition, he said.

The Finance Ministers' meeting agreed to call for revised forecasts of both EC-wide and national economic growth rates in the light of the dollar's fall, and the stock market upheaval.

They described the US agreement to reduce the budget deficit as "encouraging," adding that it was "important that early Congressional approval is followed rapidly by its implementation".

Although they approved the broad guidelines of their annual economic report, which calls for more expansionary policies, they declined to agree on any action until they see the revised forecasts.

The present report suggests an overall growth rate of 2.2 per cent for 1987 and 2.3 per cent for 1988, and they seem certain now to be revised substantially downwards. New figures will be presented in February.

"The size and nature of these revisions will strongly depend on when and at what level financial and exchange markets stabilise," the ministers concluded. Given the uncertainties in the world economy and the Community, they agreed that guidelines for economic policy in the different member states should be changed in the light of the new forecasts.

Lionel Barber writes from Washington: A Reagan Administration official yesterday played down the need for a Group of Seven meeting, noting that the recent fall of the dollar against the yen and the D-Mark had been "helpful".

The official said "important fundamentals" had changed substantially for the good recently, notably last week's co-ordinated interest rate cuts of ½ per cent by seven European governments, led by Britain and West Germany, matched by a gradual 7 to 8 per cent drop in the value of the dollar against the yen and the D-Mark since just before the October stock market crash.

The official added that West Germany had also taken mildly reflationary measures, while Japan had revealed strong economic growth and improved trade figures with other nations.

The official's comments – highlighting favourable policy moves by the Europeans and currency market trends – suggested that the Reagan administration is not pushing for an early G7 meeting. Some observers say this is because the Americans have little to offer to the Europeans until a budget deficit reduction package is finally hammered out between the White House and the Congress.

The official said that the basic two-year $76bn package was "in place" and that it would feasible to arrange a meeting. "It is a close call," he said.

The official declined to comment on whether the Federal Reserve had been intervening in support of the dollar. Market analysts have registered Fed support in recent days. But higher interest rates are anathema to the Administration, which is fearful they could halt US growth and bring about a recession.

Big Bang 'increased City stress'

By Michael Skapinker in London

STRESS is five times more likely than any other factor – including alcohol and Aids – to affect the health of Britain's financial employees since last year's financial deregulation, a major survey has revealed.

Mr Roger Stubbs, deputy managing director of Mori, the UK market research company, said yesterday at a London conference on the health effects of financial deregulation that personnel heads at two-thirds of UK financial institutions surveyed by Mori identified stress as a major health concern.

Alcohol and Aids were mentioned by only 13 per cent as health concerns, heart disease by 11 per cent and smoking by 9 per cent.

Mr Stubbs told the conference, organised by Bupa, the UK private health services organisation, that Mori had surveyed heads of personnel in banks, insurance companies, stockbrokers, accountants, building societies, finance houses, investment trusts and discount houses.

In building societies, stockbrokers and accountancy firms, the proportion of personnel heads mentioning stress as a major health concern was 90 per cent, he said.

Asked which health concerns had become more prevalent in the year since financial deregulation, 35 per cent mentioned stress, with smoking in second place at 11 per cent. No other issue was mentioned by more than 7 per cent.

More than half of those questioned said they believed that stress in their organisation was caused by the volume of work. One-third mentioned long hours. Some 29 per cent mentioned "pressure on people to perform."

Dealers and analysts, however, had a slightly different view of what caused stress. "When we asked these front-line troops what aspects of their work they found particularly stressful, considerably more mentioned pressure on performance and things like 'vast sums of money at stake' and the intense concentration required, than mentioned workload and hours by themselves," Mr Stubbs said.

When dealers and analysts were asked what hours they worked, the average response was about 45 hours a week, he said. Only 7 per cent reported working more than 55 hours a week.

Mr Cohen said that the level of stress within his organisation had increased as a result of the need to learn new skills, the introduction of new technology, the bank's move to new premises and a dramatic increase in staffing levels.

L.F. Rothschild to lay off 700 staff

BY JAMES BUCHAN IN NEW YORK

L. F. ROTHSCHILD, the Wall Street securities firm which lost a quarter of its equity capital in the stock-market crash, is laying off more than one-third of its workforce in a desperate bid to preserve its 88-year-old business.

The firm, in which J. Rothschild Holdings of the UK holds an 8 per cent stake, said yesterday that it was laying off a further 700 employees after negotiations on a sale or capital infusion were broken off. The firm said it would reduce its workforce by aropund 40 per cent from the 2,000 employees with which its started the year.

But L. F. Rothschild said it was in talks to transfer the clearing of its retail accounts to Merrill Lynch, the giant retail brokerage. The firm said that this would provide some $30m for use in other parts of the business.

The layoffs, which began with 100-125 yesterday and could continue for six months, follow drastic responses by other firms to the market's disastrous collapse in October. Last week, the medium-sized firm of Kidder Peabody announced it was laying off 14 per cent of its workforce while E.F. Hutton, the large retail brokerage, agreed to sell 80 per cent of its business to Shearson Lehman for $822m.

Mr Andrew Berger, L.F. Rothschild president, said yesterday: "We will explore at an appropriate time new infusions of capital to maintain L.F. Rothschild's growth and stability." The firm said it had talks with several other companies, including Shearson Lehman, one of the best-capitalised Wall Street firms, over a business combination but these talks had stopped.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	16	61	Dubrovnik	-	-	-	Malta	F	19	66	Rhodes	C	18	64
Algiers	S	22	72	Edinburgh	-	-	-	Manchester	S	4	39	Rio de J'o	C	33	91
Amsterdam	S	2	36	Faro	R	13	55	Manila	C	32	90	Rome	F	17	63
Athens	F	16	61	Florence	C	2	36	Melbourne	C	15	59	Salzburg	Sl	2	36
Bahrain	C	20	68	Frankfurt	F	2	36	Mexico City	S	25	75	San Francisco	F	11	52
Bangkok	S	26	79	Funchal	-	-	-	Miami	C	22	72	Seoul	S	4	39
Barcelona	-	-	-	Geneva	F	10	50	Milan	-	-	-	Singapore	R	24	75
Beirut	C	17	63	Gibraltar	R	15	59	Montreal	C	-1	30	Stockholm	F	-9	16
Belfast	C	5	41	Glasgow	F	2	36	Moscow	Cs	-2	28	Strasbourg	C	1	34
Belgrade	F	10	50	Guernsey	C	6	43	Munich	Sn	-1	30	Sydney	S	22	72
Berlin	R	1	34	Helsinki	F	0	32	Nairobi	-	-	-	Taipei	S	18	64
Biarritz	F	15	59	H. Kong	S	15	59	Naples	-	-	-	Tangier	R	13	55
Bombay	S	32	90	Innsbruck	C	5	41	Nassau	S	24	75	Tel Aviv	R	16	61
Bordeaux	S	11	52	Inverness	S	0	32	New Delhi	S	23	73	Tenerife	-	-	-
Brussels	S	1	34	Islamabad	S	23	73	New York	C	6	43	Tokyo	S	7	45
Budapest	C	4	39	Istanbul	C	11	52	Nice	S	14	57	Toronto	F	-7	19
B. Aires	C	25	77	Jakarta	R	31	88	Nicosia	C	19	66	Tunis	R	18	64
Cairo	S	22	72	Jersey	C	5	41	Oporto	S	13	55	Valencia	-	-	-
Cape Town	C	19	66	Jo'burg	F	25	77	Oslo	S	1	34	Venice	-	-	-
Caracas	C	27	81	Lima	S	26	79	Paris	C	7	45	Vienna	C	3	37
Casablanca	F	16	61	Lisbon	R	13	55	Peking	S	4	39	Warsaw	C	1	34
Chicago	C	3	37	London	C	6	43	Prague	Sn	-1	30	Washington	F	-1	30
Cologne	F	4	39	Los Angeles	C	19	66	Reykjavik	R	7	45	Zurich	C	7	45
Copenhagen	F	1	34	Luxembourg	-	-	-								
Corfu	F	18	64	Madrid	C	11	52								
Dallas	C	11	52	Majorca	-	-	-								
Dublin	F	7	45	Malaga	-	-	-								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Gorbachev in the UK

Continued from Page 1

last March had not yet quite lived up to original hopes. She added that the talks would lead to the efforts being stepped up, and she hoped there would be progress. This apparently refers to a couple of major deals involving the construction of chemical processing plants.

Mrs Thatcher's discussions with Mr Gorbachev concentrated on arms control and there was a separate meeting between Sir Geoffrey Howe, the British Foreign Secretary, and Mr Eduard Shevardnadze, the Soviet Foreign Minister. This was concerned with human rights issues, the Gulf, and trade matters.

Sir Geoffrey said that there had been some improvement in confidence on human rights questions and he apparently gave him two lists of individual cases of Soviet citizens, including some who had been imprisoned.

Mr Aleksander Yakovlev, the Politburo member dealing with ideology and foreign affairs who was among the Soviet party, apparently interjected that these matters were internal and should not be discussed between the two countries.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday December 8 1987

Olympia & York delays decision on offer for Santa Fe

BY DAVID OWEN IN TORONTO

OLYMPIA & YORK, the Canadian property and resources group controlled by the intensely private Reichmann brothers, has revealed in a filing with the SEC that it does not "presently intend to propose" a cash offer of US$63 a share for Chicago-based Santa Fe Southern Pacific.

However, the fast-growing company, which holds 6.94 per cent of Santa Fe assuming the exercise of certain options, made it clear it remained interested in exploring "alternative transactions."

These might include a cash offer, a restructuring or other alternatives.

The announcement appears to reduce further the likelihood that a cash offer of $9.95bn for the railway, resources and property conglomerate will emerge in the light of current capital market conditions.

Olympia & York also said it asked Santa Fe Southern Pacific for certain additional information.

Certainly, Wall Street continues to value Santa Fe at a substantial discount to the desired offer price. At mid-morning yesterday, the company's stock price was trading at $41 – unchanged from last week's close.

Both Olympia & York and Mr Michael Dingman's Henley Group, which holds a 14.7 per cent stake in Santa Fe, had been challenged in November by Mr Robert Krebs, Santa Fe's new chairman, to come up with cash offers of $63 a share for the company.

This followed the demise of much of Santa Fe's own restructuring plan – which would have involved the repurchase of about $3bn of its own stock and the sale of various businesses interests – in the wake of the world stock market crash of October 19.

Henley subsequently put together a $63-a-share offer – but only in the form of cash and securities, rather than the cash-only bid which Santa Fe was seeking.

Santa Fe has been widely regarded as vulnerable to a takeover since the Interstate Commerce Commission ordered the disposal of one of its two railways for anti-competitive reasons in July.

Tonka expects loss after Kenner Parker purchase

BY OUR FINANCIAL STAFF

TONKA, the US toy maker, expects to report a net loss of $8m in 1987, followed by a recovery in 1988.

Mr Stephen Shank, the company's president, said 1988 would be a transition year, with results falling in a range of break-even to a profit of $10m.

The 1987 net loss will result mainly from costs associated with the recent acquisition of Kenner Parker Toys, which made Tonka the US's third-largest toy manufacturer. Tonka added that it would report a modest operating profit for 1987.

Tonka earned $22.3m or $3.04 a share on sales of $293.4m. Kenner Parker's 1986 earnings were $16m or $1.22 a share on revenues of $502.8m.

For the first nine months this year Tonka earned $4.7m or 61 cents a share on sales of $174.1m.

Mr Shank said the 1988 return to profitability would be based on the introduction of new products, strong sales of its SEGA video games, Kenner Real Ghostbusters and Parker Brothers board games, growing international business and cost reductions.

WILLIAMS HOLDINGS ACQUIRES PAINT GROUP FROM HOECHST

UK group buys Berger for £133m

BY NIKKI TAIT IN LONDON

WILLIAMS HOLDINGS, the acquisitive UK industrial conglomerate, yesterday made its second major move into the decorative paints market within six months, by buying Berger, Jenson & Nicholson from Hoechst, the West German chemicals group, for £133m ($238m).

Yesterday's deal takes in the Brolac, Berger Gold Can, Berger Silver Can and Colorizer brands names in the UK as well as the production of own-label paints for retail customers.

It means Williams now takes around 23 per cent of Britain's decorative paints market, compared with Imperial Chemical Industries' 29 per cent; own-label accounts for around 40 per cent.

In June, Williams acquired the Crown paints business – along with the Polycell Do-It-Yourself operations – from Reed International for £250m.

In addition to its paint operations, Berger takes in the Cuprinol wood preservative products business, manufactures solvent resins and has extensive overseas interests – notably the Robbialac brand in Portugal and Selleys DIY goods in Australia.

It also has a 100-strong chain of trade centres in the UK, servicing the professional decorative market. Williams acquired 70 similar centres with its Crown purchase, but said there was a good geographical fit, with Crown based heavily in the Midlands and Berger further south.

Berger was acquired by Hoechst in 1970 and employs around 5,300 worldwide. Yesterday the company said the disposal reflected its decision to concentrate on the industrial paints and coatings market, rather than the consumer end.

Berger, which takes in 36 separate companies operating in 25 countries, has also suffered from heavy losses in its Australian paint business.

In 1986, it made a pre-tax profit of just £6.26m overall on sales of £261m, after losses in Australia of £10m. In the current year, Williams says the figure is estimated to rise to £14m, after a £5m deficit in Australia.

However, Williams believes it will be able to improve the performance significantly, and expects some rationalisation. It points out that it will now have three paint manufacturing plants operating below capacity and plans reorganisation on this score.

The purchase price is made up of a £100m consideration plus the settlement of £33m of inter-company debt.

In the first major vendor placing since October's market crash, Williams is issuing 54m new shares – 16.9 per cent of the enlarged equity – which have been conditionally placed with institutions at 185p.

Of the new equity, £70m has been conditionally placed with seven institutions; the remainder, more widely. The Berger deal has been under discussion since August, but yesterday Williams declined to say how much the price had been reduced. Its own shares had dropped from a high of 347p this year to 205p ahead of the announcement, and closed 15p lower at 190p.

The acquisition also gives Williams a 20.8 per cent interest in A.G. Stanley, the UK home decorating materials retailer which takes in the Fads chain and to which Berger is a major supplier. Yesterday, the two companies said there had been no contact, but Stanley shares rose 10p to 163p on news of the Williams interest.

Pforzheimer clarifies deal with Drexel

By Roderick Oram in New York

CARL H. PFORZHEIMER & CO, a market-making specialist firm on the New York Stock Exchange, has clarified its deal with Drexel Burnham Lambert announced last week.

Mr Robert Linton, Drexel's chairman, said originally that his firm, one of the largest Wall Street investment banks, was putting up all the capital in a new entity employing Pforzheimer's present specialist staff. In fact, both firms are contributing capital to a joint venture, known as a joint account on the exchange floor, which will underwrite Pforzheimer's specialist role in 27 stocks.

Specialists are given the exclusive right by the exchange to make orderly markets in a given stock, buying for their own account when there are no other buyers, and selling from their inventories when there are a dearth of sellers. The two firms will jointly manage the account and split the profits.

Kodak and Fuqua in photofinish link

BY OUR NEW YORK STAFF

EASTMAN KODAK, the world's largest maker of photographic products, and Fuqua Industries, the diversified manufacturing, distribution and service company, are to combine their photofinishing operations in a joint venture representing a significant step in the consolidation of the US industry.

The operation, to be owned equally by the two companies, will probably produce the largest player in the market with annual revenues of about $690m from wholesale sales of photofinishing services to drug stores and other retail outlets.

Analysts estimate that, at the retail level, the market is worth about $3.8bn a year.

Mr J. B. Fuqua, chairman of Fuqua Industries, said the new company would be able to provide consistency and continuity of photofinishing programmes to retailers throughout the US.

Kodak bought two leading photofinishers – American Photo and Fox Photo – in the past year to boost its market share from well under 10 per cent to about 15 per cent.

Analysts said it was an essentially defensive strategy to preserve outlets for its papers and chemicals in the face of stiff competition from Japanese companies such as Fuji Photo Film.

Kodak subsequently spun off Fox's retail operations while retaining the wholesale business which it renamed Ektra photofinishing. Both American and Ektra are to be linked with the joint venture, along with Kodak's other photofinishing operations.

J.P. Stevens advances to $56m in year

By Our Financial Staff

J.P. STEVENS, the US textile manufacturer, has reported record earnings of $56m, or $3.29 a share, for the year which ended on October 31, compared with $53.7m, or $3.01, in the previous year.

Stevens said it had not so far been affected by uncertain financial markets and its plants continued to operate at near capacity, except for Stevens AutoProducts, which was adjusting to lower industry sales.

Stevens also said it had so far bought about 936,500 of its shares, at an average price of $27.78 a share, and had 15.6m shares outstanding. Its board had authorised the repurchase of up to 2m of its shares.

The company added that cotton prices had been less volatile recently and if they remained at or near current levels, charges to its inventory should be minimal.

For its fiscal year, charges related to the inventory came to 55 cents a share.

Telex receives $56 a share takeover bid from Memorex

By Roderick Oram in New York

TELEX, the US computer peripheral equipment manufacturer, has received a takeover offer from Memorex, the computer memory group spun off from Unisys a year ago and now London-based.

Telex has also rejected as inadequate the offer of $55 a share from Mr Asher Edelman, the New York raider, who has been stalking the company for several months.

Mr Edelman cut his original offer of $65 a share after the October market crash. He also appeared to run into difficulty raising money for the deal.

Memorex, which has manufacturing operations in Belgium, Ireland and southern France, said it would pay $56 in cash plus preferred shares with a liquidation value of at least $5 for each Telex share.

Mr Stephen Jatras and Mr George Bragg, Telex's chairman and president respectively, said: "We are familiar with the operations and management of Memorex.

"We believe that synergies resulting from the combination with Memorex would be advantageous to both companies and their customers and the board will consider Memorex's proposal very carefully."

Memorex said it might use Drexel Burnham Lambert, the Wall Street pioneer of junk bonds, to help finance the deal. Telex said yesterday it had hired Wertheim Schroederto to advise on the Memorex proposal.

Drexel, however, was also hired by Telex and advised it that Mr Edelman's offer was inadequate. Mr Edelman was believed to have bought about 8 per cent of Telex for less than $50 a share.

● Compaq Computer Corp's sales are continuing to be very strong in the fourth quarter, Mr Rod Canion, president, said yesterday, **Reuter reports from Boston.**

He told a financial analysts' conference that the outlook continues to be very strong. "In the next several quarters Compaq has the opportunity for continued strong growth."

For the first nine months of 1987 sales rose 80 per cent over the previous to $791.9m. For all of 1986, sales totalled $625.2m.

Although Compaq expects "good continued demand at least for the next few quarters, we are going to be conservative in our hiring," Mr Canion said.

SCA forecasts 59% rise in full-year earnings

BY SARA WEBB IN STOCKHOLM

SVENSKA CELLULOSA (SCA), one of the leading Swedish forest products groups, said yesterday that it expected full-year profits (before appropriations and taxes) for 1987 to reach SKr2.1bn ($348.8m), an increase of 59 per cent on the 1986 figure of SKr1.32bn.

The profits will be boosted by extraordinary gains of about SKr200m from share sales.

SCA, which has postponed a planned share issue in the US because of stock market uncertainty, said demand for its products in the main European markets showed no sign of weakening at present.

The group has secured its exposure to the dollar for most of next year through exchange guarantees.

SCA has moved away from dependency on pulp, which tends to show volatile price movements, and has put a greater emphasis on consumer products in order to escape large price and dollar fluctuations.

The new share issue was intended to help SCA make acquisitions in the packaging and hygiene products field.

Spanish bank seeks other partners

By Tom Burns in Madrid

BANCO DE BILBAO, which withdrew over the weekend its hostile bid for Banco Espanol de Credito (Banesto), is seeking merger partners elsewhere among Spain's private banking sector, with the stated aim of creating a leading financial institution.

Bilbao's fighting mood was underlined by Mr Jose Angel Sanchez Asiain, the chairman, who spoke of "returning to the fray." He ordered senior bank executives to review studies of other banks undertaken earlier this year.

Mr Sanchez Asiain said that Bilbao had not so much withdrawn its bid but had had the public share offer "withdrawn from it."

Banesto appears safe from further unwanted overtures. This is in large measure due to Mr Mario Conde, the 39-year-old chief executive, who took over the helm of Banesto in the midst of Bilbao's contested bid.

Bilbao was reported yesterday to have requested a ruling from the Spanish Treasury and Economy Ministry on the legality of the Madrid stock market's refusal this weekend to admit its share-and-cash offer for Banesto's shares.

The Madrid bourse's decision forced the withdrawal of Bilbao's bid.

The shares of both banks were re-quoted yesterday for the first time since November 20. Bilbao held steady but Banesto rose 180 points to 1,180 according to the Spanish system which expresses share prices as a percentage of nominal value.

Mr Conde, who joined Banesto's board only in October on the strength of his acquisition since last spring of 5 per cent of its shares, was on the cover of the influential news magazine Cambio 16 yesterday and was extensively quoted as calling for a thorough managerial overhaul of Banesto's many pronged financial and business interests.

A newcomer to banking, Mr Conde is a member of the Abogados de Estado, the prestigious civil service legal corps, and is a self-made millionaire businessman.

Earlier this year he sold his chemical company, Antibioticos, to Montedison of Italy for Pta58bn ($512.8m) and 3 per cent of Montedison. He is on the Montedison board and is certain to be named Banesto's chairman when the bank's board meets next week.

Editorial comment, Page 22

David Lane interviews the new chief of the Italian fashion house

Gucci heals boardroom wounds

AFTER several years of bitter conflict between family shareholders, peace prevails in the boardroom of Gucci, the Italian fashion house which is now managed by outsiders.

Mrs Maria Martellini, a 47-year-old professor from Milan's Bocconi business university, was appointed to the chair in August. She was chosen by the custodians of the 50 per cent shareholding owned by Mr Maurizio Gucci and currently held under distraint by the Milan courts.

Along with her came four other independent academics and professionals, making a majority on the nine-member board.

The company has flourished in spite of accusations, counter-accusations and lawsuits between the warring family factions – as well as penal actions taken by the fiscal and judicial authorities in both Italy and the US.

Mrs Martellini believes the conflict between the now absent Maurizio and his cousins Roberto and Giorgio, all grandsons of Mr Guccio Gucci, the company's founder, may have had detrimental effects inside the business.

She says: "An unlitigious board of directors is essential. The family row prevented consensus and blocked decisions on strategy."

Until last year, Gucci's results showed a strong upward trend. Increasing demand for the company's handbags, shoes, clothes and fashion accessories had taken its turnover from L86bn in 1982 to L227bn in 1985.

Post-tax profits leapt to L15bn. However, a weak dollar and a decline in the number of US tourists visiting Italy left sales flat last year at L228bn ($185.6m) and post-tax profits slid to L6bn.

Maria Martellini: rows prevented consensus

American enthusiasm for Gucci's distinctively labelled products is fundamental in the company's expansion abroad. About 60 per cent of turnover is generated in export markets, while more than 25 per cent of Gucci's 150 exclusive sales outlets are in Canada and the US.

All this emerged from a saddlery business established in Florence in 1904. The green-red-green stripes and GG markings on loafers, scarves, luggage and handbags denote a brand which Mrs Martellini describes as enormously strong.

In the mid-1970s the range was extended to perfumes, which last year returned profits of L7bn on sales of L76bn.

The first step taken by Mrs Martellini and her fellow directors when taking up their three-year appointments was to initiate an operational audit.

"The consultants' report will soon be delivered. It will give us detailed information on markets and the consumer, as well as on the company itself," she says.

"We will know exactly the resources we possess and the efficiency with which they are used. The study should also identify opportunities for corporate development."

Ahead of this, she has already identified three key strands of strategy.

●Brand image must be maintained. "This means ensuring quality and developing the product in line with its image of traditional, classical elegance."

About 40 of Gucci's 900 Italian employees work in product design, a function which is overseen by a senior management committee.

●Production needs an overhaul. "Our main problem is probably capacity. I believe that we could double sales, but we are limited by production capacity," Mrs Martellini says.

●Export markets are to be developed further. According to Mrs Martellini, large opportunities exist in Europe, particularly in West Germany where Gucci's presence is weak.

The US still offers scope. "By operating abroad through franchising we minimise the demands on our own staff and eliminate the need for investment."

These plans can be pursued without the previous boardroom wrangles, which Mrs Martellini sees as "essentially a matter of a generation gap. Roberto and Giorgio are in their 60s while Maurizio is not yet 40."

With the cousins no longer holding executive positions in the company, "the family now enjoys the best possible role, that of shareholder."

Elkem considers passing dividend

BY KAREN FOSSLI IN OSLO

ELKEM, the financially troubled Norwegian metals group, said yesterday it might again be forced to pass its dividend.

However, the group, which incurred a loss of NKr278m ($43m) in 1986 and is heading for a further – if reduced – deficit in 1987, stressed the worst was behind it.

Aluminium prices have stabilised during the third and final quarters of 1987. And although ferro-alloy prices have lagged behind those for aluminium, they have been hardening recently.

Mr Kaspar Kielland, Elkem's managing director, has offered to resign following criticism of the group for expanding too strongly into the ferro-alloys market. Earlier this year Elkem paid NKr175m for the ferro-alloy operations of the Orkla Borregard group.

Mr Kielland said last month that because the company had been unable to achieve its business targets he would be willing to step down. The Elkem board will meet on December 17 to consider his position.

For the first nine months of 1987 Elkem narrowed its losses to Nkr125m. For the year as a whole a deficit of between NKr100m and NKr150m is expected.

Mr Nils Joergen Astrup, the chairman, said the group's ambitious policies had caused debts of NKr5.4bn. He said the group's strategy was not necessarily wrong, but the timing might have been off.

Mr Astrup added that Elkem's North American ferro-alloy operations had fallen short of expectations. The group is finalising negotiations for the sale of a 70 per cent interest in a power station in Ohio.

Earlier this year, Elkem cut silicon metal production in Norway by nearly 50 per cent, to 17,000 tonnes, as a result of unsatisfactory prices and the weakness of the dollar.

The company shut its refinery on the west coast of Norway and said further closures could be in train.

Baer Holding eyes stake in funds adviser

By William Dullforce in Geneva

BAER HOLDING, parent of the Julius Baer banking group of Zurich, plans to buy a 15 per cent stake in Harbor Capital Management, a Boston-based investment adviser, with an option to acquire a further 10 per cent.

The deal is subject to approval by the Federal Reserve Board.

Harbor Capital manages about $1.7bn of mainly US institutional money. Baer disclosed no price but a recent analysis indicates that the going rate for 15 per cent of Harbor Capital would be between $5m and $6m.

Baer said it was keen to expand its institutional business in the US.

Snecma wins FFr2bn for engine programmes

BY PAUL BETTS IN PARIS

THE FRENCH Government has decided to grant Snecma, the state-owned aircraft engine producer, a FFr2.2bn ($389m) capital injection to support the company's new engine programmes.

This will be in the form of a capital endowment by the Government to reinforce the aircraft engine maker's capital structure. It will also increase further the state's 95 per cent stake in the company.

Last year Snecma came close to break-even on a turnover of FFr15bn after reporting net consolidated profits of FFr111m the year before.

The decline in income reflected stagnation in the military aircraft sector which did not offset the development of the company's business in the civil aviation area.

Indeed, the fall in earnings prompted Snecma to cut its 26,000-strong workforce by 800 this year.

The company is now linked to big defence projects such as Rafale, the planned French combat aircraft, and to large-scale civil programmes like Airbus.

The Government recently also made a FFr2.5bn reimbursable advance to Snecma to help finance its share of the production costs of the revolutionary new propfan engine.

This followed an agreement between the French group and General Electric of the US to collaborate on the development of the so-called unducted fan engine, with Snecma undertaking 35 per cent of the project.

Parry suspends Sydney project

By Chris Sherwell in Sydney

THE GROUP run by Mr Kevin Parry, the Perth-based businessman who was behind the Australian bid to defend the America's Cup yachting trophy, has become the latest to run into cash-flow difficulties as a result of the share market collapse.

The troubles of his Parry Corporation were underlined yesterday by its decision to suspend work on a A$190m (US$132.8m) entertainment project in the Darling Harbour redevelopment in Sydney.

This follows the sale or planned disposal of other assets within the Parry group as part of a bid to raise cash. Bankers and brokers agree that Mr Parry was among the hardest hit of Australia's entrepreneurs in the recent stock market plunge.

The assets include NBN-3, a New South Wales television station and one of the group's main cash-generating assets, a coastal residential and marina development project south of Perth, and a stake in the oil and gas company Petroz.

In recent months the group has reduced its debt from A$152m to A$80m. But heavy qualifications to Parry Corporation's annual report by the auditors and worries about the impact of the share market collapse have slashed the group's share price.

Last week it sank to 35 Australian cents. Though above its worst of 20 cents, this was dramatically below the peak recorded earlier this year of A$4.55, and analysts say the company is in crisis.

One of the group's remaining principal assets is a stake in Pelsart Resources, an Indonesian gold company, but this remains an uncertain quantity. The group's core business has been in retailing and property.

The decision to suspend the Sydney project was inevitable after the New South Wales state government refused to respond to a company request for financial help. Other participants are now being sought for the project.

Mr Parry's woes have paralleled those of numerous other entrepreneurs – Mr Bruce Judge in Brisbane and, in Perth, Mr Robert Holmes a Court, Mr Laurie Connell and Mr Yosse Goldberg.

Dai Hayward on a New Zealand victim of the stockmarket crash

Judge confident of survival

THE BUYER who moved into the New Zealand stock market last Wednesday to acquire 1.12m shares in Mr Bruce Judge's beleaguered Judge Corporation obviously has faith in its recovery and sees a potential for future profit in the stock which has provided the most spectacular crash in a sinking market.

Mr Judge's variously held interests range from a US savings and loan venture to a minority stake in Goode Durrant, the British finance and motor distribution company. Just over a year ago Judge shares were selling at NZ$10. Earlier this year, despite some dilution through increased issues, they were quoted at NZ$8.

By a week ago they had plunged to 4 cents, with plenty of sellers and no buyers. The fall wiped large amounts from the value of investment portfolios of many companies and caused panic among individual shareholders.

Wednesday's buying of Judge doubled the price to 8 cents. That rise was one of the few in the New Zealand market last week, but prompted little further interest or movement in Judge shares.

Announcements from various companies which have suffered substantial losses through transactions involving companies associated with Mr Judge have continued to shatter the confidence of investors.

Shareholders in Renouf, another investment company in his orbit, last month turned their resentment on to Mr Judge personally, dumping him unceremoniously from the Renouf board. Many at the company's annual meeting expressed their feelings in irate terms and Mr Judge became a focus for anger and bewilderment following the stock market crash.

Earlier, Mr Judge and Sir Frank Renouf clashed in the local media with differing accounts of a tangled chain of transactions over the last six months between Renouf and two other key companies in which Mr Judge has been centrally involved – Ariadne Australia, based in Queensland, and the Hong Kong-listed Impala Pacific.

Each presented a different version of what had gone wrong with the share deals. Mr Judge refused to accept any blame for the shock news to Renouf shareholders that a NZ$3m (US$1.9m) profit, shown in Renouf's accounts from its dealings with Impala Pacific, had in fact become a NZ$17m loss.

The many announcements issued by Ariadne and Renouf over the preceding weeks regarding pending transactions which were not completed had already created investor unease before the October 20 stock market crash.

Arcane financial arrangements

It is, perhaps, not surprising that many individual shareholders could not follow the complicated web of inter-company deals which had been planned for the Renouf, Judge, Ariadne and Impala companies. Such intricacies are nothing new to Mr Judge. Much of his investment success has been based on his ability to perceive opportunities and profits in arcane financial arrangements.

People who know him well describe Mr Judge as a thinker able to grasp complexities which elude many others.

He first came to prominence in the New Zealand financial sector in the 1970s when he worked with Mr Paul Collins for Brierley Investments (BIL). They both left Mr Ron Brierley's master company so that they could buy Buntings, a relatively small brush-making company, which they used as a vehicle for expansion rather in the style which had been so successful at BIL.

Then, in the early 1980s, Mr Brierley, who had continued his own expansion programme, wanted Mr Collins back in BIL as its chief executive. Buntings was merged with BIL and Mr Collins and Mr Judge were back together in Mr Brierley's stable.

Mr Judge and Mr Brierley are reported to have had a high regard for each other and to get on well. However, Mr Judge wanted to be on his own. Looking around, he found South Pine Quarries, a small Queensland company. This he took as the launch pad for a fast-growing financial empire.

South Pine Quarries became Ariadne Australia. Initially, Ariadne was heavily directed towards stock market investments but over the last year began reducing its exposure by moving heavily into property. Its property holdings are now reported to be worth around A$500m (US$349.3m).

Mr Judge also established Judge Corporation, which has a 23 per cent stake in Ariadne and a 47 per cent stake in Kupe Group, a New Zealand-based property developer and investor. This had fast-growing success under Mr Judge's guidance. However, Kupe directors are now not so enthusiastic at having Mr Judge as a major partner. A buyer is now being sought for the Judge holding in Kupe.

Attracted to the mining industry, Mr Judge brought Ariadne a 38.9 per cent interest in Giant Resources. Among other ventures, Giant is in the process of launching a big alluvial gold dredge recovery operation in New Zealand which is predicted to produce 40,000 ounces of gold a year by the beginning of 1989. This is an equal joint venture with R A Hanson, a US dredging specialist.

Giant was recently described by Mr Judge as a world-class resources company, but on November 30 Ariadne agreed to sell its holding for A$300m. The buyer was Ampol, a subsidiary of Australia's Pioneer Concrete Services.

Mr Judge has long had a personal interest in technical developments and put particular effort into a process which hopes to reduce the cost of oil for industrial use. This is not yet producing a return, though.

Sale of Ariadne stake agreed

With Judge Corporation losing an estimated NZ$400m on its investments compared with shareholder funds of NZ$397m, the company obviously had problems. Last month, Mr Judge conditionally agreed to sell Judge Corporation's 19.9 per cent stake in Ariadne to a consortium headed by Mr Kerry Packer, the Australian press tycoon, for A$94.5m.

Mr Judge built his reputation on his ability to plan and carry through often complex deals. Although his companies are now in difficulties, he is said to be confident his talents will still be in demand.

He says that Mr Packer and Mr Larry Adler – another member of the consortium – both want to keep him in Ariadne. He is also confident his earlier moves to involve Ariadne in the loan and financial services sector in the US, along with the strong property holdings he built up there and in Australia, will ensure its survival.

In New Zealand a task force is being set up to try to rescue Judge Corporation. One of its major shareholders is Todd, a family automotive and oil exploration company which earlier this year paid NZ$80m for an investment which is now worth one hundredth of that. Mr John Todd was appointed to the board of Judge and has an obvious interest in helping to put together a workable rescue package.

NZ Forest Products earnings up 20%

By Our Financial Staff

NZ FOREST PRODUCTS, the New Zealand timber and paper company, lifted net profits by nearly 20 per cent to NZ$87.7m (US$56.1m) in the six months to September from NZ$73.3m, on sales up 4.5 per cent to NZ$660.9m.

The latest figure included a NZ$20m gain from the sale of holdings in Amcor and Norgold, two sizeable investments.

However, its relationship with Rada, a New Zealand investment company, is causing strains after the market collapse. Mr Bob Gunn, chairman of both companies, yesterday did not exclude the possibility that NZFP might have to take over Rada, which owns 44 per cent of NZFP and in which the forestry group has a 27 per cent cross-holding.

Rada is carrying an unrealised loss of as much as NZ$300m on its stake in NZFP, shares in which closed at NZ$3.45 yesterday compared with an average purchase price of NZ$5. Mr Gunn said Rada "has two years to restructure its debt," adding that interest charges were rolled up in debt facilities of an undisclosed size held by Rada.

Fletcher Challenge, the country's other forestry giant, has been seeking a merger with NZFP but this has been blocked by the authorities on monopoly grounds. Fletcher, which holds 17.5 per cent of NZFP, said last week it would not appeal against a decision to refuse it permission to take over NZFP.

Fairfax board resigns after Tryart takeover

BY OUR SYDNEY CORRESPONDENT

ALL FIVE board members resigned yesterday from John Fairfax, one of Australia's leading newspaper groups, joining three top members of the executive management team who were replaced last week.

The wholesale changes follow the successful A$2.55bn (US$1.78bn) bid by Tryart, the company controlled by 26-year-old Mr Warwick Fairfax, to take the Sydney-based group private.

Although Tryart retains the group's two most important assets – the Sydney Morning Herald and the Melbourne Age – it has in the process lost four other significant metropolitan newspapers, a rural newspaper chain, a clutch of magazines, a radio network and, if a sale is permitted, key stakes in the domestic wire service and local newsprint mill.

Mr James Fairfax, Warwick's half-brother, announced his own resignation as chairman, along with those of deputy chairman Mr John Fairfax, who is Warwick's cousin, his uncle Sir Vincent Fairfax, as well as Sir David Griffin and Sir Eric Neal.

Their announcement followed the departure on Friday of Mr Greg Gardiner, group general manager, Mr Max Suich, chief editorial executive, and Mr Fred Brenchley, another senior manager. All three played a key role in the group's expansion over the past decade.

The new board is made up of Mr Warwick Fairfax himself, Mr Laurie Connell, Mr Martin Dougherty, Mr Peter King and Mr Ron Cotton.

Mr Fairfax is expected to become proprietor while Mr King, a director of a Netherlands-based packaging group, is tipped to become chief executive.

With the transition, Mr Robert Holmes a Court now takes possession of the Australian Financial Review and the Times on Sunday, although speculation has grown that he might consider selling both for the right price in order to raise cash.

Mr Kerry Packer will acquire the Canberra Times and the magazine assets. Mr John Fairfax bought the rural and suburban newspapers. Mr Rupert Murdoch's News Corporation wants the stake in the Australian Associated Press news service and in Australian Newsprint Mills.

Advance by Mitsubishi Electric

By Our Financial Staff

MITSUBISHI ELECTRIC, the Japanese machinery and computing group, lifted group net earnings 23 per cent in its first half to September to Y9.72bn ($73.2m) against Y7.90bn.

The advance was attributed to cost-cutting and an improvement in the consumer products side which makes up more than a quarter of its business. The turnround there, despite the effects of the high yen, came despite a sales increase for its consumer goods of just 1 per cent.

Group turnover rose 4 per cent to Y1,046bn, of which overseas sales accounted for 24 per cent.

In its other sectors, sales of information and communication systems and electronic devices rose 10 per cent, heavy machinery 5 per cent and industrial products 3 per cent.

Mitsubishi Electric revised its forecast of full-year group net profit to Y19bn, compared with an earlier forecast of Y15bn and an outcome of Y10.6bn last year. Sales are estimated at Y2,200bn from an earlier Y2,100bn and last year's Y2,108bn.

INTERNATIONAL CAPITAL MARKETS

Frankfurt newcomers are counting the cost, Haig Simonian reports

All eyes focused on Salomon

THE GUESTS started arriving early for Salomon Brothers' Christmas cocktail party in Frankfurt last week. Despite the recent unexpected pick-up in business, many syndicate managers and traders in the D-Mark Eurobond business have been having to find new ways of whiling away their time of late.

The inactivity has been as marked at Deutsche Bank, where there is a syndications team of nine, as at some of the newer foreign houses in Germany's financial capital.

Yet the downturn in recent months in the D-Mark Eurobond new issues business – which follows a wretched summer when secondary market trading was at best thin – has prompted increasing speculation about the strategies of some of Frankfurt's newer foreign arrivals.

Salomon Brothers has been the main focus of attention, having made the biggest splash on its arrival and being far from publicity shy at best. Part of the explanation behind the present rumours of an imminent withdrawal from Frankfurt is plain German *Schadenfreude*. Wall Street's brashest investment bank made plenty of waves in the conservative West German market in the run-up to its arrival, with talk of bankers being lured away for unheard-of salaries.

While envy, or just plain malice, from some who might have liked to work for Salomon but were never asked, might explain some of the recent speculation, it is only one part of the answer.

More compelling are several recent actions the firm has taken in Frankfurt. For example, it recently decided to lay off four executives from the Frankfurt office, including one expatriate, as part of its international slimming-down exercise.

However, Salomon's decision last month to return German government bond trading to London – marking the end of a plan eventually to shift the entire business to Frankfurt – has set tongues wagging. A single junior government bond salesman is now left in Frankfurt to keep things ticking over.

Many bankers in Frankfurt doubted the wisdom of the plan to transfer the German government bond desk from London in the first place. By contrast Morgan Stanley, which opened its doors in Frankfurt only a few months after Salomon, insisted from the start that it had no such intentions.

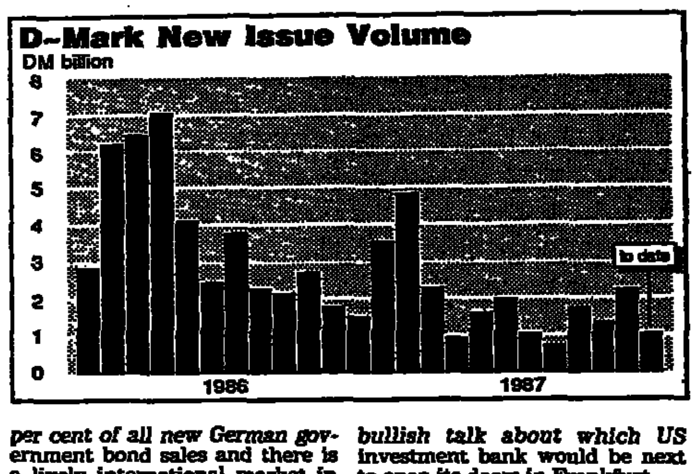
The idea of basing trading solely in Frankfurt may have been flawed at best, despite the superficial logic of grounding the business in its home market. Foreigners account for up to 80 per cent of all new German government bond sales and there is a lively international market in London.

Yet Salomon's calculations have also been upset by unexpected external circumstances. The German Government, in particular, has failed to abolish the *Boersenumsatzsteuer* (the stock exchange turnover tax), as promised in January's general elections. The tax, which is levied on secondary market trading of German securities, has regularly been called "an indirect subsidy to the City of London" in that it encourages the trading of German securities abroad.

Neither Salomon, nor any of the other foreign investment banks which had been flocking to Frankfurt before the crash, could have predicted that the Government would go back on its campaign pledge. Indeed, the Bonn authorities have been fickle to domestic and foreign bankers alike in view of October's surprise announcement that withholding tax would be imposed on most savings and investments from 1989.

Combined with the stock market crash, the result has been that *"Finanzplatz Deutschland,"* or "Germany as a financial centre" – the catch phrase on every official's lips – has been notably absent of late.

Of course, Salomon is not the only foreign house in Frankfurt which has been reconsidering its costs in recent weeks. Before the crash, the market was full of bullish talk about which US investment bank would be next to open its doors in Frankfurt.



- Shearson Lehman, which has recently obtained its banking licence, already had an empty floor prepared for its new investment bank and the senior executives had already been hired. Now the talk there is of a staff freeze.
- Merrill Lynch, which is well-represented in Germany through a number of retail offices and a substantial institutional business in US equities in Frankfurt, was also planning an investment banking move. A banking licence was due sometime in October.
- Word slipped out just before the crash that Goldman Sachs, which is not represented in Germany, was well advanced in negotiations with the Frankfurt stock exchange for membership, at the cost of about DM200,000.

Not surprisingly, there has been silence on all these fronts since the crash. Local executives are keeping their heads down while the senior planners review operations from New York.

The lack of information from elsewhere helps to explain why Salomon has become the focus of attention in Frankfurt. Indeed, its move in mid-November to much larger premises – which are still being decorated in the inflated, mock-Colonial style the company has made its own – probably helped draw attention to it (even though they could hardly be compared with Salomon's planned $1.5bn headquarters in New York, plans for which it abruptly dropped over the weekend).

It is certainly hard to imagine that Salomon would have undertaken the move, which it had been planning since the beginning of this year, had it foreseen the present circumstances. Its new trading room, for example, with some 20-odd positions, looks ominously bare.

Yet talk of withdrawal from Frankfurt seems misplaced. Interestingly, the corporate finance and mergers and acquisitions side, a business which many observers thought would be far harder for the foreign banks to crack than bond trading, appears to have been performing well.

The prospect of any of the leading US houses in Frankfurt pulling out seems inconceivable from a European perspective. Nevertheless, matters can often look very different from the corporate HQ in New York, where a European satellite may represent a soft target for the axe to fall. And some analysts are already suggesting that a US company's decision to close a product line can often be the precursor of larger cuts.

However, the bankers stoking the Frankfurt gossip at present would do well to think twice. A decision by any leading foreign house to pull out would undoubtedly represent a severe loss of prestige and would make any later return to Germany much more difficult.

More important than embarrassment to any individual company, it would be a marked vote of no confidence – and therefore an even bigger loss – to the German capital market in general.

Mutiple-option finance facility for Pearson

PEARSON, THE diversified UK group which owns the Financial Times, has mandated Samuel Montagu to arrange a £300m multiple-option financing which includes a £200m committed credit, **writes Alexander Nicoll.**

The borrower said the facility, the latest in a long string of similar financings arranged by UK companies this year, was for general corporate purposes. It is for seven years, but is extendable to 10 years at the lender's option during the first three years.

Pearson was not thought to be replacing any substantial existing funding arrangements, though the facility could help in the refinancing of existing bonds as they come due. As a new source of available financing, it could potentially fund acquisitions or other development of Pearson's businesses.

The facility fee is 7.5 basis points and the maximum margin 10 basis points above London interbank offered rates. There is a utilisation fee of 5 basis points if the committed credit is more than half drawn. There will be a tender panel of banks which could bid on a range of financing instruments.

Austria to tighten up on insider trading

By Judy Dempsey in Vienna

THE VIENNA Boerse, the Austrian stock exchange, will introduce new measures designed to make insider trading more difficult, Mr Gerhard Wagner, president of the boerse, said at the weekend.

The measures will apply to journalists, bankers, economists and anyone regularly involved in the stock exchange who, on a voluntary basis, will have to sign a letter stating that they are involved in stock exchange business.

Mr Wagner did not comment on the extent of insider trading, but he said he regarded the new measures, which will take effect early next year, as precautionary.

In recent weeks, the boerse has been at the centre of attention among brokers and government finance officials, largely because of the effects of Black Monday and the Government's first partial privatisation of one of the state-run industries.

Between October 19 and December 4, the Vienna Boerse fell by 13.4 per cent to 210.87. In September, the index stood at 257.57, thanks to foreign interest during the summer.

Black Monday also affected the sale of OEMV, the successful oil and mineral group owned by the Austrian state. The management had initially planned to sell to the public 25 per cent of the group, or 500,000 shares. At the last moment, however, it offered only 300,000 shares, or 15 per cent, at a nominal value of Sch1,000 ($85), the majority of which were earmarked for the domestic market.

The shares were two-fold oversubscribed and were listed last week on the boerse and several foreign stock exchanges at a price of Sch4,400. The first quoted rating was Sch4,455. An executive from Creditanstalt, the Austrian bank which led the sale of OEMV said yesterday: "We do not expect OEMV to fall below the listing price."

Total capitalisation of the boerse rose from Sch74bn to Sch84bn during 1987, due to the addition of the OEMV nominal share capital worth Sch1.5bn plus new listings and some capital gains. Overall, however, the trend over the past few weeks has been predictably downward.

Meanwhile, Mr Wagner said there were no immediate plans to change the "5 per cent clause" – a law introduced in the late 1920s which limits share fluctuations to 5 per cent in either direction in any single trading day. Any newly issued securities can rise or fall 5 per cent in the first four days. After that, they are regulated by the clause.

Shares which are listed not only on the Vienna Boerse but on other exhanges as well are exempt from this requirement.

Japanese brokers delay futures plan

THE BIG four Japanese brokerage houses have temporarily dropped plans to trade Hang Seng index futures following the steep slide in stock and futures prices in October, Reuter reports from Hong Kong.

Turnover in index futures has plunged to fewer than 1,000 contracts a day in recent weeks from an average of about 30,000 and a high of over 40,000 shortly before the market slide.

Mr Kenji Watanabe, a director at Yamaichi International, said: "After the market crash, the best thing to do right now is to adopt a wait-and-see attitude."

Yamaichi conducted a feasibility study and considered buying a seat on the exchange before the steep decline, Mr Watanabe said. Mr Toru Nagano of Daiwa Securities (Hong Kong) said his firm made preliminary studies before the market slide, but now has no plans to join the futures exchange.

Nomura International (Hongkong) and Nikko Securities (Asia), have also shelved plans to trade Hang Seng index futures, according to Hong Kong brokers. Nomura acquired a seat on the exchange, for which it is believed to have paid about HK$1.8m (US$230,000) to HK$2m, before the stock slide but is not considering trading now.

Executives at Nikko Securities could not be reached for comment but brokers said the firm had backed away from plans to join the exchange.

Seats on the exchange are currently being offered at about HK$300,000 but no transactions have been reported since the market downturn.

D-Mark sector steady despite further issues

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

THE RECENT flow of new issues in the D-Mark Eurobond market continued yesterday, with two deals totalling DM375m following the DM1,375m of paper launched last week.

The issues have not so far adversely affected the sector, which has remained basically steady on the back of its strong currency. However, the yield curve has steepened since the Bundesbank's half-point cut to 2.5 per cent in discount rate last Thursday. Yesterday, long-term bonds showed price falls of up to half a point in the domestic market while shorter maturities were steadier.

Swedish Export Credit made yesterday's largest issue, DM300m of five-year bonds, which represented Morgan Stanley's second lead management in D-Mark Eurobonds. The terms, including a 5⅛ per cent coupon and 100⅞ pricing, were thought fair by the market but the issue was brought too late to establish a trading level.

The borrower made a separate issue, also led by Morgan Stanley of 1.5m currency warrants to buy $100 at DM1.6725. They were priced at DM12.15.

The other D-Mark Eurobond was a DM75m issue by a Luxembourg subsidiary of **Industriekreditbank**, led by the parent itself, with a seven-year maturity, 6 per cent coupon and 100¼ pricing.

In Euroyen, **IMI Bank International** continued the recent steady series of new issues with

INTERNATIONAL BONDS

a Y15bn deal guaranteed by Italy's Istituto Mobiliare Italiano. IBJ International led the issue, which has a four-year maturity but with both call and put options after three years – three-year bonds are not yet allowed.

The structure is not popular with all sections of the market, yet the issue was thought to be quite reasonably priced. It carries a 5 per cent coupon and 101.35 pricing, and IBJ said the issue, which is being swapped, yielded 5.10 per cent on a three-year basis at 1⅜ below issue price – the level of the fees and the price at which it was being bid.

Federal Business Development Bank reopened the Canadian dollar sector with the first issue since the week of the October stock market crash. McLeod Young Weir International priced the C$75m three-year deal at 101 with a 10¼ per cent coupon to give a 43 basis point spread over Canadian government bonds at launch.

Although the issue was bid 1½ points below issue price, wider than its 1⅞ per cent fees, McLeod said the spread over governments had tightened. With a Triple A rating and short maturity, the issue was aimed at whatever pockets of retail interest might have developed for Canadian dollar bonds.

Eurodollar bonds traded quietly as the New York market weakened.

Swiss franc foreign bonds traded quietly with a firm undertone. A SFr45m 4¼ per cent issue for **Privatbanken** ended its first day's trading at 97½ against a par issue price. In France, the **World Bank** made a FFr1bn 10-year issue on the domestic market, led by Banque Nationale de Paris with a 10 per cent coupon and par pricing. It was bid at 99.3.

Securities houses curb growth

THE BIG four Japanese securities houses, which have been aggressively developing business abroad in recent years, may slow their expansion programmes because of uncertainty about world stock markets, **Reuter reports from Tokyo.**

"Investors' attitudes worldwide to securities overall appear to have cooled and the market for corporate bond issues is also worsening," an executive of one of the firms said. However the big four – Nomura, Daiwa, Nikko and Yamaichi – are not expected actually to reduce their overseas activity.

"The big four will shift to programmes which put more emphasis on efficiency in their overseas subsidiaries after the strong expansion in personnel and budgets over the past several years," another executive said.

"We have increased the size of our overseas subsidiaries to meet the globalisation of the securities markets, but the plunge in stock prices in October and the markets' volatility thereafter will provide a good chance to review this programme."

The total overseas staff employed by the four soared to about 5,200 in October from 3,800 a year earlier.

Fierce competition abroad may have led to slow growth or declines in current profit in the year ended September 30.

Nomura's overseas subsidiaries earned an estimated Y38.5bn ($289.9m) in current profits in 1986/87, up 1 per cent from a year earlier. Yamaichi took in Y15.7bn, up 33 per cent, due to increased underwriting in the Euromarkets, while Daiwa earned about Y15bn, down 29 per cent, and Nikko Y8.7bn, down 30 per cent.

The four firms' group results, expected to be published next month, are not expected to contain details of their overseas subsidiaries' performance.

Nomura increased overseas staff to 2,058 in October from 1,447 a year earlier, with most of the rise taking place in New York and London. It has around 10,000 employees in Japan.

Nomura is now expected to concentrate on efficiency, putting more emphasis on the US, where it became a primary dealer in US Treasuries last year.

The emphasis on the US would also be in line with the emergence of Japanese portfolio investment in US securities.

Staff at Daiwa Securities' overseas units rose to around 1,300 in October from 1,000 a year earlier, while Nikko's overseas employees rose to 994 from 710 and Yamaichi's to 930 from 650, the company officials said.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on December 7

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	92⅝	93⅛	−0⅛	+0⅛	9.62
All Nippon Air 9¾ 97	100	93	93½	−0⅛	+0½	10.51
American Brands 8⅞ 92	150	97⅜	97⅞	−0¼	+0⅝	9.51
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	45	95⅝	96	−0⅛	−0¼	5.39
E.I.B 4⅝ 94	40	95⅝	96¼	−0⅛	−0½	5.35
Elec. De France 5⅛ 94	20	98⅞	99⅜	−0¼	−0¼	5.29
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS

[illegible]

OTHER STRAIGHTS (continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bayer W/W 2¾ 02	250	†95	96	−0⅛	−1	2.88
BBL W/W 2¾ 97	100	†81	82	0	+1	5.25
Elec.De.France 5 07	100	†98¾	99¼	+0⅛	+1¼	5.08
E.I.B. 4⅝ 97	200	†98½	98¾	0	+0⅛	4.93
E.I.B 4⅝ 97	200	†99½	100	+0⅛	+0⅞	4.66
Esso Gutzeit 5 97	100	†98	98¼	0	−0⅛	5.21
Ireland 5 02	150	†92	92¼	0	+0½	5.81
Newfoundland 5⅛ 02	150	†99½	100	+0⅛	−1	5.15
Polly Peck 6 92	75	†97¼	97¾	0	+0⅛	6.66
Prov.of Manitoba 4¾ 02	200	†99½	99¾	+0¼	+0½	4.80
Prov. of Quebec 5 03	200	†98	98½	−0⅛	+1¼	5.12
Qantas Airways 4¾ 97	110	†93	94	−0¼	−0⅛	5.63
SHV Holdings 4¾ 94	100	†99¾	100¼	+0¼	+0⅛	4.75
Tiroler 4⅝ 97	100	†100½	101	0	0	4.65
TNT 5 95	100	†99¾	100	0	+0⅛	5.02
Woolwich B/S 4½ 92	120	†97¼	97¾	+0⅛	−0¼	5.10
World Bank 5 02	200	†94⅞	95	+0⅛	+0⅝	5.51

Average price change... On day +0 on week +0⅛

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nest PLC 5⅞ 03 £	11/87	4.3	102¼	103½	−0⅛	82.04
Nippon Elec 2⅞ 00	†1/85	1295	272	273	+2	0.47
Oki Elec Ind 3½ 99	†10/84	805	178	180	0	7.95
Onoda Tateisi 2⅞ 02	4/87	1310	149½	151	+4⅞	2.90
Redland 7¼ 02 £	†1/87	5.4	85	86½	0	26.86
Yokohama Bank of 2⅞ 01	10/86	1014	164⅞	166	+0⅞	2.08
W.R. Grace 6¼ 02 US	9/87	42.12	68½	69½	−0¼	38.02

* No information available–previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK COMPANY NEWS

Blue Circle £217m bid for Birmid

BY MIKE SMITH

Blue Circle, the cement company, yesterday ended 10 days of takeover speculation when it launched a hostile bid worth £217m in cash for Birmid Qualcast, the lawnmowers and boilers company.

Birmid described the 300p a share offer as cheeky. "There is no way that such a proposal can be recommended," said Mr Alan Emson, finance director. "The groups have no relevant synergy."

The offer price caught the market by surprise. Since Blue Circle announced its interest in Birmid at the end of last month Birmid's shares have raced ahead from 200p to 313p last night.

Some analysts had been expecting a bid closer to 330p but Blue Circle said its offer represented a 50 per cent premiumto the market price before its 2.6 per cent stake was announced.

Blue Circle's move for Birmid is part of the company's strategy of extending its interests in the home improvements market.

Mr David Poole, who faces his first big test since taking over as managing director in July, said Birmid had an attractive mix of businesses which offered an excellent fit with Blue Circle's Armitage Shanks subsidiary.

"In addition to the similarities between Birmid's ceramic division and Armitage Shanks, Birmid has complementary distribution channels and customer bases," he said.

Armitage manufactures bathroom and kitchen furniture products. Birmid's main products are Qualcast, Atco and W**ebb lawnmowers, Potterton central heating boilers and New World gas cookers.

In the year to November 1986 Birmid made profits before tax of £13.1m. Analysts expect the 1987 total to be around £22m and the company yesterday described its prospects as excellent. In 1986 Birmid achieved earnings per share of 15.6 so yesterday's offer would represent an historic price/earnings ratio of 19.2.

Blue Circle's approach is the second Birmid has received this year. In February Hepworth Ceramic withdrew without putting forward concrete takeover proposals after being rebuffed by Birmid.

Analysts believe other companies may be interested in Birmid, with GKN suggested as one potential suitor.

Blue Circle made taxable profits of £127m on turnover £1.1bn last year.

Its shares have fallen from above 330p before the stake in Birmid was announced. Yesterday they were up 8p at 303p but the announcement of a hostile bid came too late to affect the price.

Blue Circle's stake in Birmid last night amounted to 6.7m shares or 9.3 per cent of the company. It has made no purchases so far this week. In addition to the cash offer there is also a loan note alternative.

SAS to make final effort for BCal today

By Clay Harris

Scandinavian Airlines System plans to return to the Civil Aviation Authority today with what probably will be its final effort to win approval for a rescue plan for British Caledonian Group.

SAS and its financial adviser, Morgan Guaranty, yesterday were completing the revised proposal which includes British institutional backing in an effort to convince the CAA that BCal would remain UK-controlled.

If the CAA agrees that BCal would retain its route licences, SAS is expected to waste no time in launching its bid. The BCal board would then have two offers to consider before giving its formal recommendation tomorrow (Wed) to the British Airways takeover bid which values BCal at £119m in cash or £146m in shares at BA's closing price of 135p yesterday.

The CAA's requirement that SAS's holding at least be matched by a single UK shareholder is expected to be met by Investors in Industry, the investment group owned by Britain's clearing banks and in which the Bank of England has nearly a 15 per cent stake.

International Leisure Group, the travel company which owns Air Europe, said meanwhile that it would not be participating in the SAS package. ILG still had not excluded, however, the possibility of mounting its own bid for BCal, depending on the content of the SAS partial offer.

RENTOKIL GROUP has acquired Royal Pest Elimination Services of Tampa, Florida.

Abaco shares suspended amid bid negotiations

BY STEVEN BUTLER

TRADING in shares of **Abaco Investments**, the fast growing financial services group, were yesterday suspended as the group revealed that it was in talks that could lead to an offer for the company.

Speculation immediately centered on a possible bid for Abaco by British & Commonwealth Holdings, the financial services conglomerate chaired by Mr John Gunn, which has a 27.45 per cent stake in Abaco.

Neither Abaco nor B & C would offer any comment. Abaco said a further announcement was likely today.

B & C has long been considered a potential bidder and any move for Abaco would in any case be unlikely to succeed without the backing of B & C.

The two companies had sold assets to each other with the effect of ridding Abaco of risk-oriented businesses and increasing its activities in the fee-earning professions.

Abaco's former chief executive and currrent deputy chairman, Mr Peter Goldie, is now B & C's managing director, and Mr Rusty Ashman recently left the position of Abaco's finance director to take up the same post at B & C. Mr Gunn is a non-executive director of Abaco.

Abaco's shares have emerged as one of the worst performing in the financial services sector, plunging from a high of 123p on October 8, to 54p at yesterday's suspension.

Although the fall in its share price, and the general market decline, have no direct impact on Abaco's operating businesses, the low price makes it almost impossible for Abaco to follow through on plans for its strategic development through acquisition.

Abaco has strung together a chain of over 120 estate agencies in Britain, and has built up businesses in morgage broking, and domestic and international loss adjusting and insurance broking.

Mr Cameron Brown, the Abaco managing director, said in September that a bid by B & C would at that time have been unwelcome and unhelpful to Abaco's efforts in buying highly successful professional firms that wished to retain an independent identity. He would not, however, rule out the eventual possibility of a B & C takeover.

Other major shareholders in Abaco include Standard Charteredwith 9.44 per cent and Canada Life with 4.4 per cent.

At 54p, Abaco's market capitalisation is £145.3m.

Next keeps Allens chain

BY MAGGIE URRY

Next, the stores and mail order group, has decided not to proceed with the proposed sale of its Allens Chemists chain following the stock market fall.

Allens, acquired with Combined English Stores which Next took over in July this year, had been put up for sale as it did not fit into Next's strategy.

It had been hoped that the sale of the 105-shop chain would reap £40m and a number of possible buyers had registered an interest, with some bids in line with Next's valuation. But since the market crash in mid-October the remaining handful of serious buyers had reduced their bids to "the low twenties" according to Mr Peter Lomas, Next's finance director.

Mr Lomas said the change of plan was "a long-term postponemnet if not a cancellation."

Next stressed yesterday that it would now give Allens "full support in order to help it realise its considerable potential." The lack of the hoped-for £40m is not thought to be material to Next, which has a strong balance sheet particularly since the issue of £100m of convertible bonds in September.

The slump in share prices is persuading other companies to postpone proposed disposals as well. Asda, the superstore group, may defer its sale of Allied Carpets. It now seems unlikely that a purchaser would pay the £120m which Allied Carpets had been expected to fetch.

Asda is thought to be unwilling to part with the business for a sum less than that which would earn interest equal to Allied Carpets' pre-tax profits. Asda had already agreed the sales of the MFI furniture group and its dairy interests before the market fell.

Braithwaite to sell engineering subsidiary

By Mike Smith

Braithwaite Group, the engineering company, yesterday bade farewell to the business which brought it into existence.

It is selling Braithwaite Engineers, founded more than 60 years ago, to a consortium which includes Rowecord Engineering and members of the subsidiary's management.

The disposal follows a rapid change in the company's fortunes since Mr Andrew Fitton and Mr Stuart Ross moved in as chief executive and finance director at the start of the year.

Analysts expect pre-tax profits of about £3.5m this year, against losses last year of £186,000. The main contributor to profits will be Andrews Group, the heating, drying and airconditioning concern bought from Stone International for £27m in May.

Braithwaite Engineers, which sells water tanks, is expected to achieve turnover of about £3.5m this year, against group

Braithwaite will receive up to £450,000 from the disposal. Extraordinary costs arising from the sale will be about £300,000.

Whitbread pays £0.5m for German restaurants

BY LISA WOOD

Whitbread, the brewing and leisure group, has bought for DM1.5m (£500,000) a small chain of German restaurants called Weinkruger Weinbau-Weinkellerei.

The acquisition of the 16 restaurants will provide a base for the development of Beefeater Restaurants in Germany and Europe where the group has two outlets in Belgium.

Whitbread, with 190 Beefeater outlets in the UK wants to expand its restaurant business on the Continent. It is also pursuing retail development in North America. This year it bought Keg Restaurants, Canada's largest steak and sea-food chain for C$13.5m.

Mr Tim Thwaites, managing director of Whitbread Retailing Division, said:" Following so quickly on the acquisition of The Keg, with 75 restaurants in Canada, this purchase demonstrates the rapid strides we are taking to become a chain restauranteur on an international scale."

Weinkruger is based at Deidesheim in central southern Germany. It is planned to have six Beefeater restaurants operating there by the middle of next year.

Beefeater restaurants have been developed over the last 14 years from a small London operation into what Whitbread claims is the most profitable chain of its kind in Europe.

Tysons back after reverse takeover

Dealings in the shares of **Tysons (Contractors)**, the Liverpool construction engineers, resumed yesterday following a capital injection of £1.5m from J.F. Donelon & Company, a neighbouring Manchester-based construction group.

The shares, which were suspended in June at 54p – ahead of both the deal and October's market crash – closed last night at 30p. The capital injection gives Donelon 66 per cent of Tysons' enlarged share capital, while Mr J.P. Donelon becomes chairman and chief executive.

Unit in £1.5m GKN purchase

Unit Group, manufacturer of timber pallets, plywood and chipboard reels, is to acquire the business and assets of Tilgate Pallets, a division of GKN Chep, for a £1.5m cash.

MTM seeks merger approval

BY HEATHER FARMBROUGH

MTM, which manufactures and markets speciality chemicals and chemicals intermediates, is seeking shareholders' approval for a merger between its subsidiary Marchem and CdF Chimie's subsidiary, Loison, based near Lille.

The proposed joint venture will create a new European specialised organic chemicals company, owned 50 per cent by MTM and CdFC. Marchem's warranted net asset value will be £6m, while Loison's will be £3m.

MTM also intends to acquire CdFC's majority shareholding in ASAP, a fine chemical manufacturer near Milan, for £3.3m.

In 1986, Loison made gross profits of £3.2m on sales of £15.34m. Marchem reported pretax profits of £1.73m on sales of £17.79m.

Mr Richard Lines, chairman and chief executive of MTM, said that Loison's customer base included many European companies which would be difficult to service from the UK only.

"We want to manufacture in countries to which we sell to increase our resilience to currency fluctuations", he added.

CdFC will pay an equalisation payment to MTM of £1.5m. CdFC is also paying £0.5m for the grant of an option exercisable between 1991 and the December 31 1993 to acquire MTM's interest in the joint venture. It is paying MTM an additional £4m for management services.

ASAP manufactures flavour and fragrance intermediates and pharmaceutical intermediates servicing the generic Italian drug industry. Turnover was about £6m in 1986, and is around £10m this year.

MTM is seeking to become less dependent on mature products and to develop its fine chemicals business.

MTM's interim profits reported in September were little changed on last year's £1.89m, but Mr Lines said he was confident there would be an improvement in the second half.

Monarch in Venezuela

BY KENNETH GOODING, MINING CORRESPONDENT

Monarch Resources, the gold mining company which was listed on the London Stock Exchange last July, is to spend at least $5m for its own tailings (waste dumps) retreatment facility at Mocupia Gorge in the Venezuelan state of Bolivar.

The plant will be capable of processing 50,000 tonnes a month, double the size of the facility which Monarch previously said it intended to instal to recover gold from the waste which has been dumped in the Gorge since 1928.

The change of plan will delay from an estimated seven months to 10 months positive cash flow from the project, but nearly double operating profit to $600,000 a year, according to Mr Adrian Nash, an executive director of Monarch.

The two-stream plant will librerate more gold by separating pyrite in the ore by gravity and subjecting it to high-intensity leaching with cyanide. The balance of the ore will be leached by the conventional carbon-in-pulp process.

According to an independent report, the weighted average of gold in the tailings is 1.35 grams a tonne and the plant should enable 85 per cent to be recovered, said Mr Nash.

Monarch earlier this year raised £6.6m by placing 25 per cent of its shares in London and Mr Nash is in the UK this week to give a progress report to a number of investment houses and institutions.

He said that Monarch also intended to increase the throughput at the processing plant at the Colombia mine in Venezuela to its current rated capacity of 700 tonnes a day by the third quarter of 1988 and eventually to lift capacity to 1,500 tonnes a day.

UK COMPANY NEWS

Granada advances by 20% to £111m

BY NIKKI TAIT

Granada, the TV and leisure group which recently agreed terms in a £250m bid for rival Electronic Rentals, yesterday reported a 20 per cent profit improvement to £111.1m before tax in the 53 weeks to October 3.

Sales were up 21 per cent to £1.02bn - the first time turnover and profits have broken the £1bn and £100m mark respectively. Earnings per share rose in line with pre-tax profits, from 21.3p to 25.5p.

Yesterday, the company admitted that TV advertising revenue did not appear to have started quite so strongly in the current year, but otherwise said that it felt well-placed in the face of any economic downturn. On the electronic retail side specifically, Granada added that sales in the current year were well up with expectations and it was not experiencing any slackening in the high streets.

Profits were struck after a £123.8m depreciation charge (£137.8m last time) - with £102.5m charged on rental assets against £119.9m. The decline, according to Granada reflected the reducing impact of video investment. The interest charge rose slightly from £10.6m to £11.9m, with gearing running at around 23 per cent by the year-end. That level is likely to increase to 70 per cent following the ER bid, but Granada argued that the strong cash-flow from ER should enable a fairly speedy reduction to under 50 per cent.

The figures were not seriously affected by acquisitions, according to Granada's finance director Mr Derek Lewis.

The rental and retail side remains the largest profits contributor, producing £65.8m (£59.3m) at the trading level on sales of £500.8m (£404.7m). The reduction in margin, said Mr Lewis, reflected the increasing contribution from retail activities, which now accounted for about one-quarter of activity in that division. The rental base, he suggested, was currently declining at around 5 per cent a year.

The TV broadcasting and programme production side saw sales rise from £197.5m to £222m, and profits increased 15 per cent to £20.8m. Advertsing revenue was some £10m higher at £138m. On the leisure side - now taking in Parkhall and holiday business WSL - there was a 37 per cent improvement to £25.1m, on sales of £214.5m (£160.3m). The fastest growth, however, was reserved for "services to business", where profits surged from £1.7m to £7.2m - a result of expanding geographical coverage and acquisitions.

The company, which was due to post its offer document for Electronic Rentals yesterday, said that it understood the Office of Fair Trading would attempt to give a decision on a monopolies reference within three weeks.

The merged group would take around 35 per cent of the rental market, but Granada argued that the rental/retail distinction was eroding. The combined group would have under 20 per cent if the two markets are considered together.

The total dividend for the year is up from 8.5p to 9.8p - a 15 per cent rise.

See Lex

ERG dividend omission disappoints

Murmerings of institutional displeasure greeted the announcement yesterday by Electronic Rentals that it will not be paying an interim dividend in the light of the Granada offer, writes Nikki Tait.

The decision not to declare a dividend came as ERG announced its figures for the half year to end-September, showing pre-tax profits 53 per cent higher at £11.1m.

***The absence of the* interim dividend payment, according to both ERG and Granada, is a condition of the £250m bid - something which was not spelt out directly in the bid announcement.**

ERG shares have been held in large part for their yield by income funds and yesterday a number of fund mangers said that they were surprised by the omission. "We are disappointed," commented Save & Prosper.

Yesterday, ERG said that the dividend decision had been discussed ahead of its recommendation, but that it had been unable to persuade Granada to change its mind.

STANLEY LEISURE's newly formed subsidiary, Stanley Snooker Clubs, has acquired the Argyle Snooker and Leisure Club in Birkenhead, Merseyside, for £404,000 cash.

JOHN BEALES has agreed to purchase for an expected £680,000 Southern and Redfern, a refrigeration and electrical contractor based in Bradford, West Yorkshire. S and R is a subsidiary of the Paragon Group, which is to receive £400,000 on completion, the balance to be held by a joint solicitor pending S and R's accounts at November 30. In addition, Beales will repay over the next 18 months a loan account of £666,000 owed to Paragon.

Advance to £22m by W&D Breweries

by Lisa Wood

Wolverhampton & Dudley Breweries, the Midlands-based brewer, which trades under the Banks's and Hanson's banner yesterday reported pre-tax profits of £22.3m for the year to September 27, an increase of 18.3 per cent on the same period last year. This included £519,000 profits on property disposals compared with £178,000 last year.

Earnings per share, at 22.6p, were up 26.3 per cent on 1986 with a final dividend of 4p (3.2p) making a total dividend of 5.85p, up 20 per cent on that of last year.

Mr David Thompson, managing director said the group had increased sales of ale in a declining market. "We have a fundamental belief in the continuing profitability of ale." he stated.

He said sales of lager, with Harp being W & D's standard brand, were incremental rather than substitutional. W & D's sales of lager, at under 20 per cent of its total beer volumes, are below the industry average.

However, Mr Thompson said his lager sales had risen faster than the market generally with premium-proced lagers up 45 per cent albeit from a small base.

In the free trade W & D said its market share had *increased but it said there* were limitations to further growth in the take-home business caused by "unprofitably low prices" for other canned beers competing at the bottom end of the market. W & D's major take-home brand, Banks's retails at up to £1 more than a four pack of a supermarket own label beer.

Mr Thompson said prices charged in many supermarkets for some own label brands were unprofitable for both the brewers and the retailer.

W & D, with some 800 public houses has formed a small Crown & Ravens Hotels division. Substantial refurbishment is being made to create three star outlets. Hotels, said Mr Thompson were not central to W & D's strategy.

W & D made a profit of £2.4m on its sale of a five per cent stake in Vaux.

● comment

Wolverhampton & Dudley's figures were well ahead of analyst's forecasts, though the shares only gained 1p to 308p. Britain's regional brewers base their reputation on ales and increased consumption of lager nationally has weakened many of their portfolios. W & D, however, has increased its sales of ales against a declining market and its lager sales have the been incremental rather than substitutional. It has also increased margins, which before property disposals, *rose from 16.5 per cent to* 17.7 per cent. W & D has not discounted sales to supermarkets and its Banks's bitter is sold at a premium price in the off trade. Against the background of economic recovery in the Midlands, analysts are forecasting pre-tax profits for the current year of up to £25.5m, including property disposals, which tend to be small. That puts the shares on a prospective p/e of 12.

Sugar-coated Berisford 25% ahead at £88m

BY CLAY HARRIS

S&W Berisford, the diversified industrial and trading group which owns British Sugar, increased pre-tax profits by 24.8 per cent to £87.5m in the year to September 30.

The pre-tax increase from the 1985-86 figure of £70.1m, excluding the exceptional £78.2m profit on Berisford's sale of its stake in Ranks Hovis MacDougall, was achieved despite a loss on commodity trading and a reduced contribution from the industrial division.

A slip in operating profits to £135m (£139.3m) was more than offset by lower interest charges of £49.1m (£70.6m).

In addition to a £4.56m pre-tax loss, commodity trading was responsible for extraordinary charges reflecting £13m in closure and reorganisation costs and a £3.3m provision on tin contracts.

Berisford, however, was able to set these and the £2.18m costs *of defending against* Tate & Lyle and Ferruzzi against £10.6m net profits on the sale of interests in subsidiaries and and tax benefits from previous years to create a net extraordinary credit of £1.89m (£1.38m).

The estimated £2m-£3m costs of the defence against Associated British Foods, which dropped a £767m takeover bid last month because of the stock market crash, were not included in the 1986-87 figures.

Berisford said the diversity of its operations gave it an advantage with which to face uncertain economic conditions.

Total capital employed fell to £1.08bn (£1.13bn), with a reduction in financial services, indus*trial and commodities, but a* large increase in property, the fastest growing division, with big contributions from developments at Eastcheap in the City of London and Rodeo Drive in Beverly Hills.

PROFIT BEFORE TAXATION AND EXCEPTIONAL INCOME (£m)	1987	1986
Food	42.3	30.3
Financial services	27.3	22.3
Property	21.8	4.6
Commodities	(4.6)	10.4
Industrial	0.6	2.5
Total	87.5	70.1

As previously reported, British Sugar increased profit before central interest and overheads to £72.1m (£57.1m), but losses in meat processing pulled other food activities deeper into the red with a £2.7m deficit (£1.8m).

Within the industrial division, all activities had returned to profit in the second half except tanning.

Group turnover fell to £3.06bn from £3.93bn (restated to reflect the new practice of excluding commission incomes and dealing proceeds).

The tax charge of £22.4m (£32.1m) reflected an increase in effective rate to 25.7 per cent from 21.6 per cent. Berisford expects this to rise to 30 per cent in the current year.

Excluding the RHM profit, earnings per share rose by 8.5 per cent to 32.67p (30.12p). The final dividend is increased to 10p (8.5p) to make a total of 14p (12p). Berisford shares added 14p to close at 269p.

See Lex

AIM GROUP has acquired Express Electronics, Hurn Maintenance Services and Beeching Aerospace Coatings for a total cash consideration of £325,000. All three companies are located at Bournemouth International Airport.

Carlton advances to £34m

BY FIONA THOMPSON

Carlton Communications, television services company, yesterday reported profits ahead by 79 per cent for the year to September 30 1987. However, the pre-tax advance from £18.81m to £33.71m included £4.1m profit on investment sales, compared with £600,000 last year.

Earnings per share rose to 32.4p from 22.3p. A final dividend of 3.6p was proposed, bringing the total for the year to 5.35p.

More than 90 per cent of revenue comes from the television industry. It both manufactures the products and provides the facilities.

Mr Michael Green, chairman, said demand for products and facilities had increased rapidly due to growth in the industry and the moves towards deregulation in Europe.

The products and facilities businesses have traditionally provided a fairly even profits split, but the former has now taken the growth lead.

The US businesses contributed 30 per cent of profits. Abekas will in January have tripled its manufacturing capacity in 15 months, and will be expanding in the new year to service the growing proportion of export sales to Japan and Australia.

The Moving Picture Company, which produces commercials, this year worked on a number of campaigns including Barclays, Midland and National Westminster banks, Anchor Butter, Esso, Heineken, Rolls Royce, and Hamlet.

Group turnover was £112.27m - including a £23.1m (nil) contribution from its 20 per cent stake in Central TV - compared with £58.27m last year.

● comment

Even stripping out investment gains, yesterday's results were better than the City expected and the shares rose 32p to close at 585p. The Abekas contribution was very strong, with a number of new products selling extremely well, the A62 real time editing device and the A53D perspect and rotate machine. The long term industry trends are beneficial for Carlton - commercials are strong in the US and the UK, deregulation is gathering pace and the growth of the independents will boost both the products and facilities divisions. A pre-tax profits forecast for this year of about £44m produces a prospective p/e of 15, at a premium to the market but justified given its growth.

COOKSON GROUP has acquired for cash 75 per cent of the issued share capital of Colourfast Plastics, based at Eccles, Manchester. Cookson has an option to acquire the remaining 25 per cent in 1990/91 based on achieved profitability. The cash consideration is not significant in relation to Cookson's net assets.

GREAT SOUTHERN GROUP has acquired the West Country funeral business of Coombes & Son (Bovey Tracey) for £335,000 cash.

Parkdale falls to £0.25m

Pre-tax profits at **Parkdale Holdings** were almost halved from £500,876 to £253,686 for the six months to October 31 1987, but the directors said that these results do not reflect the year as a whole.

The property programme, including disposals, was progressing satisfactorily and the directors were confident about the full year's outcome.

The dividend was raised to 0.9p (0.8p) but earnings per 10p share worked out at 0.75p (3.01p adjusted) after tax of £89,000 (£139,153). Turnover was £540,384 (£496,933).

Dobson Park up 25% as emphasis changes

Dobson Park Industries reported pre-tax profits ahead by 25 per cent in the year to October 3 1987. The figures reflected the change in emphasis from mining equipment to industrial electronics and toys and plastics.

A breakdown of profits before interest charges, but including associates showed mining down at £6.31m (£8.83m), but industrial electronics up at £2.33m (£749,000) and toys and plastics at £2.48m (£1.54m).

There was also a doubling in the contribution from power tools at £2.1m (£1.04m) and a cut in the loss of other engineering to £24,000 (£1.02m).

Turnover for the Wigan-based company was almost static at £220.48m (£218.52m). Earnings per 10p share came out at 1.09p (8.29p), adjusted for the right issue and the directors are recommending an unchanged final dividend of 3.31p for a same-again total of 5.21p.

Operating profit of £13.73m (£10.99m) included a reduction in pension contributions of £840,000 and was after increased redundancy and re-organisation costs of £2.6m (£1.27m). The net interest charge was down from £385,000 to £65,000.

Tax took £5.08m (£4.1m) and there were extraordinary debits of £1.51m (£293,000) being the net loss arising from the divestment of businesses during the year. Dividends absorbed £5.04m (£4.35m) to leave attributable profit of £2.45m against £2.48m.

Directors said that at the year end cash and bank balances exceeded borrowings by £1.58m

● comment

The turnround of Dobson Park from a company mainly dependent on selling mining equipment to British Coal to a broadly based engineering company with a fast growing industrial electronics division, has proceeded with enviable deliberateness. Added to that is the lack of good timing. The company's August rights issue has left it flush with cash to continue its acquisition programme at far more attractive prices. The bleeding in mining equipment profits appears likely to have been halted for the time being, with £2.6m of restructuring costs last year set to come down. The current year will also be boosted by a full contribution from the US acquisitions, which were funded by US dollar borrowing. Pre-tax profits of £17m in the current year would put the shares on a prospective multiple of nine, which, underpinned by a 7.3 per cent yield, appears to offer a reasonable defensive investment.

Robertson Gp advances 12%

The Robertson Group, which provides a comprehensive range of services to the natural resource industry, increased its pre-tax profit by 12 per cent from £2.83m to £3.17m in the six months to September 30 1987 on turnover which rose from a restated £10.36m to £15.02m.

The directors said prospects for the second half were good with an improvement in all areas of group activity anticipated. Attractive acquisition opportunities were continuing to be sought.

Against this background the directors were confident of reporting further solid progress for the year as a whole. They said the group's UK oil services business had been recovering from the industry downturn and there had been a significant increase in activity since July, although profit margins remained competitive.

Elsewhere, profitability of the minerals and water division had risen sharply.

Group operating profit for the period was up from £1.41m to £1.94m but interest income of £145,000 last time was relaced by a charge of £40,000. Income from mineral ventures was £1.26m (£1.27m).

Tax took £1.19m (£1.09m) to leave earnings per share at 6.9p (6.6p). The interim dividend is raised from 0.8p to 0.9p per 10p ordinary on the capital enlarged by last August's £8m rights issue.

There were no extraordinaries this time (£640,000 charge).

Beaverco rises

Beaverco, plastics and consumer products manufacturer, reported pre-tax profits ahead from £437,000 to £560,000 in the six months to *the end of* September 1987. Turnover for this USM-quoted company rose from £7.6m to £9.6m.

Earnings per 5p share were 5.6p (4.8p) and an unchanged interim dividend of 1.7p has been declared.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Arlen ....int	1†	Mar 29	0.5	-	2
Beaverco § ....int	1.7	Jan 29	1.7	-	5
Berisford (S&W) ...fin	10	-	8.5	14	12
Berkeley Group ....int	1†	Feb 11	0.85	-	2.5
Carlton Comm. ....fin	3.6†	Mar 2	2.7*	5.35*	4*
Cranswick Mill§ ...int	1.85	-	1.85	-	5.55
Creighton Labs. ...int	1.4	Jan 19	1.2	-	3.7
Crosby (James)♦ ..int	0.6	-	-	-	-
Dobson Park ....fin	3.31†	Feb 22	3.31	5.21	5.21
Gold Greenlees ....int	1.5†	-	1.2	-	4
Granada ....fin	6.3†	Apr 5	5.48	9.8	8.52
Lynton Property ..int	1.85	-	1.65	-	5.5
Optometrics § ‡ ...int	0.69	-	0.28	-	-
Parkdale Hldgs ....int	0.9	-	0.8	-	2
Preedy (Alfred) ....int	1	Feb 8	1	-	4.15
Reed Exec ....int	0.5	Feb 1	0.4	-	1.2
Robertson Grp ....int	0.9†	Jan 5	0.8	-	2.8
Stirling Group ....int	0.5	Feb 19	0.43*	-	1.15*
Triplex Lloyd ....int	1.25†	-	0.75	-	3.25
WCRS ....int	1.35	Jan 7	0.09	-	3.04
Wolv. & Dudley ....fin	4.03	-	3.28*	5.85	4.88*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♥Unquoted stock. ♦Third market. ♦ Placed on the Stock Exchange in July. ‡ US cents throughout.

Berkeley Group doubled at halfway

PRE-TAX profits at **Berkeley Group**, Surrey-based housebuilder and property developer, surged from £3.1m to £7.5m for the six months ended October 31 1987 on turnover up 91 per cent from £21.1m to £40.3m.

The directors said that it was too early to assess the future impact on the private housing market of the recent stock market collapse, but the company's trading record had been extremely satisfactory since October and forward sales were at record levels.

An increased interim dividend of 1p (0.85p) was declared and earnings per share, adjusted to reflect the rights issue in June, nearly doubled from 6.1p to 12.1p after tax of £2.64m (£1.08m).

The directors said that the group had a strong balance sheet, was currently cash positive and they viewed the future with confidence.

All the operating subsidiaries produced good performances, with strong demand for the company's homes. The two new subsidiaries in Bristol and the south midlands, which commenced trading this financial year, were operating at their expected levels.

James Crosby expansion

James Crosby, the Cheshire-based housebuilding company which came to the market via a placing in July, has reported pre-tax profits of £767,000 for the half year to September 30, compared with £688,000 for the corresponding period of the previous year.

Turnover for the period was up from £3.03m to £3.89m, interest charges were £216,000 (£57,000) and tax took £279,000 (£241,000) leaving earnings per share of 10.2p. An interim dividend of 0.6p per 10p share has been declared.

Comparative figures for earnings and dividend are not given as they are not meaningful because of the changes in the capital structure of the group.

The group has continued to benefit from strong demand in the new housebuilding market in the north-west over the past 12 to 18 months. Recent acquisitions of additional sites place the group in a strong position to continue to take advantage of the buoyancy in the market.

WCRS profits doubled to £7m

BY HEATHER FARMBROUGH

WCRS Group, advertising and communications business, announced doubled pre-tax profits for the six months ended October 31 1987 to £6.9m.

Underlying organic growth was about 30 per cent, with the remainder coming from acquisitions and a reduction in the tax charge from 40 to 37 per cent. US earnings were covered at $1.62.

Turnover rose by 54 per cent to £184.4m while earnings per share were 9.21p (7.12p). An interim dividend was announced of 1.35p (0.90p).

There was an extraordinary item of £49,000 relating to the gain on the partial disposal of the group's interest in Parkway, less a provision for costs arising from a quote on the Nasdaq system in the US.

In the US, Della Femina, Travisano was particulalry strong, although progress was less marked at HMB/Creamer, other US agency. The Ball Partnership, based in Australia, increased billings by 45 per cent. Business is also brisk at the London agency.

New business gains include Sunshine Biscuits, Dr Scholl, Laura Ashley, the DTI and Remy Martin.

WCRS' PR businesses are growing strongly. Direct marketing start up businesses in London and Boston are both trading profitably.

Exposure to the US should fall to 50 per cent on the completion of the Belier deal, which gives WCRS a 49 per cent stake in France's largest agency. WCRS intends to expand through Belier into France and Germany, although Mr Peter Scott, chief executive, stressed that all acquisitions would be funded internally.

The group intends to place an increased focus on organic growth, although it is still committed to investing for further expansion.

● comment

These were good figures from a company of which the market has great expectations. Underlying growth was reassuringly respectable. Fears that the London agency was losing its creative edge have been quelled for the time being by a healthy increase in turnover yet to filter through to the bottom line. WCRS has a somewhat ruthless reputation, but it is also regarded as well managed in an industry traditionally short of such skills. Its choice of acquisition has so far been sound, yet the rationale for the next will have to be a little more compelling. It would be encouraging to see WCRS concentrating more on organic growth. Year end pre tax profits should increase from £10.1m to £18m, valuing the shares on a prospective p/e of 9 at 188p. WCRS is hardly a defensive stock, but the company's future looks bright.

Triplex up 66% and plans £7m sale

BY MIKE SMITH

Triplex Lloyd, foundries, engineering and building components group, yesterday reported a 66 per cent increase in interim pre-tax profits and announced the sale for £7m in cash of its steel milling and rolling business.

Although profitable, the mill at Wednesbury operates in markets dominated by larger companies and was highly capital intensive. Proceeds from the sale, to United Engineering Steels, will "materially reduce" gearing which at the end of the half year had reached 80 per cent.

UES said it will operate the Wednesbury business as a separate unit within its organisation.

Triplex Lloyd, which is the product of Triplex buying fellow Midlands company F.H.Lloyd in August, reported taxable profits of £1.34m in the six months to September 30, against £807,000. Lloyd contributed for six weeks, and Hillaldam Coburn, a newly acquired building components company, contributed four months.

Earnings per share rose from 4.3p to 6p and the dividend was lifted from 0.75p to 1.25p. Triplex said the outlook was encouraging.

The half-year gearing figure is higher than the 45 per cent maximum Triplex anticipated when it acquired Lloyd but Mr Jim Doel, chief executive, said he expected it to fall to about 35 per cent by the year end.

The company feels relaxed about borrowing levels, partly because its 90-acre Wednesbury site, which runs alongside the M6, is in the books at £800,000 whereas independent observers value it at between £10m and £12m. The site is earmarked for development and Triplex intends to retain ownership in spite of the sale of the steel mill which is sited on it.

Operating profits of £1.8 (£958,000) was made by building components £905,000 (£326,000), foundries £555,000 (£364,000) and engineering £346,000 (£268,000). Total turnover was £35.23m (£19.7m) and took was £374,000 (£272,000).

● comment

Although not planned at the time of the Lloyds acquisition, the sale of the steel mill looks a good move. Interest on the £7m should more than compensate for the loss of profits, which last year were £687,000 at the operating level. The disposal, which virtually completes the post-acquisition restructuring, also takes Triplex out of a business which depends for about 70 per cent of sales on one customer and which was susceptible to the policies of competitors with much greater market clout. In the rest of the business all three divisions will benefit in future from integration following recent acquisitions. Foundry margins suffered in the first half because of the £2m move of Parker into Lloyds Burton but the company is bullish about castings prospects following the enlarged plant's first month of operation in October. Assuming pre-tax profits for the year of £4.1m, the p/e is about 11.5, reflecting a high regard for the management and long-term hopes for developing Wednesbury.

Alfred Preedy losses reduced at midterm

Alfred Preedy & Sons, operator of convenience stores and newsagents, returned losses of £277,000 pre-tax for the six months to September 26 1987, a reduction of £27,000 on last year's first half loss.

The absence of contributions from the wholesaling and manufacturing businesses, sold in 1986, was partly offset by a reduction in finance charges from £339,000 to £217,000.

An exceptional gain of £21,000 arising from a property dosposal compared with a charge last time of £200,000.

After stripping out figures of the discontinued activities, turnover showed an improvement of 11.4 per cent at £32.48m, partly buoyed up by growth in sales of tobacco products.

The directors said the second half was the group's most important trading period and that trade in October and November had been satisfactory which augured well for the run up to Christmas.

Meanwhile, they are holding the interim dividend at 1p per share. Profits for 1986-87 recovered from £383,000 to £853,000 pre-tax and a final dividend of 3.15p was paid.

Queens Moat hotel plan near tunnel terminal

BY CLAY HARRIS

Queens Moat Houses is to build a 200-bedroom hotel close to the M20 motorway near Ashford, Kent, site of the planned railway terminal for Channel Tunnel passengers.

The £15m project, to be financed through the Business Expansion Scheme, is part of £25.5m in acquisitions and construction deals announced yesterday by the Essex-based hotels group.

Acknowledging that its rapid growth had made a dedicated property division necessary, Queens Moat is to buy in the expertise with the £4.3m purchase of privately-owned Taylor Williams Holdings, whose principal shareholder built up the Taylors estate agency chain now owned by Bairstow Eves.

It also announced the purchase of the 63-room Almond Brook Hotel at Standish, near Wigan, Lancashire, for £1.7m. Queens Moat plans to invest another £3m to expand accommodation to 100 rooms and build conference facilities.

Construction has begun on a 109-room hotel on the south side of Sheffield. The £5.5m project is to be financed through the group's own resources.

The initial payment for Taylor Williams reflects the underlying assets, which include property holdings. Additional payments will be based on profits, excluding those on work done for Queens Moat itself.

Creighton up 33%

Creighton Laboratories, USM-quoted maker of "Natural Beauty" toiletries and a main supplier to retail chains such as Body Shop and Boots, increased taxable profits by 33 per cent to £341,000 in the six months to September 30.

Turnover showed a commensurate rise from £1.97m to £2.67m. Tax took £119,000 against £90,000 last time, leaving earnings per 20p share of 6.1p (5.1p). The interim dividend is raised to 1.4p (1.2p).

Gold Greenlees

Gold Greenlees Trott, advertising agency, boosted pre-tax profits by 45 per cent to £1.49m on turnover up from £21.77m to £26.57m in the half-year to end-December.

After tax of £563,000 (£399,000), an interim dividend of 1.5p (1.2p) is to be paid from earnings per 5p share of 10.35p (7.22p).

Further progress at Reed Executive

Reed Executive (Holdings), employment agency, has again reported a substantial increase in pre-tax profits. In the 26 weeks to September 25 1987, they rose from £2.62m to £5.01m, on turnover up from £29.7m to £44.9m. This followed year-end figures which climbed from £2.98m to £6.52m on turnover up from £42.96m to £63.61m.

The interim dividend rises to 0.5p net (0.4p).

The directors said yesterday that business continued at a satisfactory level.

Operating profit in the first six months improved from £2.68m to £4.78m. The pre-tax figure was after interest receivable of £224,000 (£60,000 payable). There was a tax charge of £1.9m against £950,000, and stated earnings per 10p share were up from an justed 3.2p to 5.9p.

Arlen up 45%

Arlen, Berkshire-based electrical, electronic and engineering group, increased profits to £754,000 pre-tax for the six months to September 30, an improvement of 45 per cent over last time's £520,000.

Growth and progress of the group was continuing with strength and potential in each area of activity.

Turnover totalled £6.78m (£5.22m). Earnings per 20p share worked through at 5.13p (4.95p) and the interim dividend is being doubled to 1p.

Cranswick Mill

Cranswick Mill Group, manufacturer of animal feeds, marketer of livestock and grain merchant, increased its pre-tax profits by £40,000 to £431,000 in the six months to September 26 1987 on turnover up from £20.43m to £24.86m.

This USM company is paying an unchanged dividend of 1.85p net.

The directors said the second half had started well.

Lynton Property

Lynton Property and Reversionary, the property investment and development group, reported a virtual standstill in taxable profits for the six months to September 30 1987.

The interim dividend is increased to 1.85p (1.65p).

After net interest payable of £749,000 (£933,000), pre-tax profits came out virtually unchanged at £2.53m (£2.52m). Tax accounted for £723,000, against £755,000 for the comparable period, and left earnings per share unchanged at 3.7p.

Avesco up midway

Pre-tax profits at Avesco, USM-quoted manufacturer and designer of equipment for the corporate television and video industry, soared from £327,000 to £1.23m on turnover more than doubled from £3.18m to £6.58m for the half year to September 30 1987.

Earnings per 1p share were lifted to 2.2p (0.8p) after tax of £431,000 (£114,000). There was an extraordinary loss of £180,000 (£35,000) arising from the sale of Swift Video Facilities.

The directors said that the company was well placed to continue growth.

Stirling up 11% and considers share buy-back

BY ALICE RAWSTHORN

Stirling Group, Manchester-based clothing manufacturer which is one of the largest suppliers to Marks and Spencer, yesterday unveiled an 11.4 per cent increase in pre-tax profits to £1.8m in the first half of the year.

The company also announced that it is considering the possibility of buying back some of its shares following the recent stock market collapse.

Stirling saw its share price plummet during the stock market crisis. Mr Peter Bentwood, joint managing director, said that the board was concerned that the value of its equity could be affected so dramatically by events entirely beyond its control.

The board believes that the company's shares are now undervalued. It wants to have the option of buying back part of the equity, should the share price fall further. Accordingly it will call an extraordinary general meeting of shareholders to seek approval for the right to buy back 14.99 per cent of the equity.

Although M and S, which absorbs 95 per cent of its output, suffered from difficult trading during the six months to September 30, Stirling performed well and succeeded in increasing profit margins.

The company's sales rose to £19.3m (£18.7m). It paid £633,000 (£568,000) in taxation and £9,000 (£9,000) in preference dividends. Earnings per share increased to 3.21p (2.88p) and an interim dividend of 0.5p (0.425p) is proposed.

Stirling intends to invest £1.8m in capital expenditure this year. It completed the construction of a new warehouse at the beginning of the interim period. This development has liberated factory space thereby enabling the company to increase production capacity by 15 per cent.

Mr Bentwood described trading in the second half of the year as "satisfactory". He said that the company currently has a full order book for the spring season.

● comment

It is difficult not to feel sympathy for Stirling, nor for the other victims of the stock market crisis. Over the years it has proved itself to be one of the most efficient of the M and S suppliers: investing prudently in new technology to improve productivity and thence margins. Along comes "Black Monday" and, plumper margins notwithstanding, it stands by helplessly as its share price collapses. The company is cash positive. It could comfortably finance a buy-back, without jeopardising capital expenditure or even the chance of absorbing another M and S supplier. Yet Stirling's shares have performed no worse than many other members of the textile sector. If anything the prospect of a buy-back could hamper the shares - now on a prospective p/e of 9½ for the full year with projected of £4.2m - for the City would doubtless prefer Stirling to use its cash more ambitiously than for buying back its own equity.

SHARE STAKES

Changes in company share stakes announced recently include:

Abaco.- Mr John Garfield, a director, sold on December 2 a total of 3,500,000 shares at 44p to institutional investors in order to meet personal commitments. Mr Garfield was issued with 6,642,857 shares in April 1985 on the acquisition of Abaco of John Charcol, mortgage broker.

Lowe Howard – Spink & Bell.- Mr Frank Lowe placed with institutions 400,000 ordinary at 275p on December 1. This sale was made in order to meet personal property commitments. Mr Lowe is now interested in 877,804 ordinary and has stated that he intends not to sell any further shares in the company for at least two years.

Phoenix Properties and Finance.- Director Mr J Duggan bought 25,000 ordinary at 97p on December 1, and a further 5,000 ordinary at 95p on December 2.

Unilock Holdings.- The following directors have purchased shares: K T Roberts 20,000 (0.08 per cent); J E Bardwell 10,000 (0.04 per cent); R G Warner 20,000 and now has 3,392,152 (14.81 per cent); R L Woolgar 10,000 and now has 14,000 (0.05 per cent); M H Newman 20,000 and now has 902,405 (3.9 per cent).

S Casket.- Director Mr H Turpin purchased 35,000 ordinary at 70p and 25,000 ordinary at 67p on December 4.

Sheraton Securities International.- On December 2 Mr Peter Taylor, a director, ceased to be interested in 1m ordinary at 50p per share. His total interests are now 12,761,996 ordinary.

Cluff Oil.- Mr J G Cluff purchased a further 250,000 shares at 109p and is now interested in a total of 2,788,803 (6.6 per cent).

Wyndham Group.- Chairman Mr B A Brownhill has acquired a further 137,194 ordinary at 200p and now holds 564,694 ordinary (15.27 per cent).

Cosalt.- On November 24, director Mr E A Brian purchased 50,000 ordinary at 96p.

Leisuretime International.- Director Mr D R Walton Masters disposed of 100,000 shares at 58p. On the same date he acquired 100,000 shares at 58⅛p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims- Braithwaite, Chapman Industries, Dee Corporation, Deelkraal Gold Mining, Doornfontein Gold Mining, Driefontein Consolidated, Harland Simon, International Information Technology, Jacksons Bourne End, Kloof Gold Mining, Libanon Gold Mining, Optometrics, Osborne and Little, Venterspost Gold Min Vlakfontein Gold Mining, Wardell Roberts.

Finals- Burns-Anderson, Hoskyns, Redfearn.

FUTURE DATES

Interims-	
British Land	Dec 15
Brookmount	Dec 15
CH Industrials	Dec 18
ERF	Dec 16
Kelsey Industries	Dec 18
MS International	Dec 17
Whitecroft	Dec 14
Finals-	
Grainger Trust	Dec 10
Hewitt	Dec 17
Midsummer Leisure	Dec 16
Perkins (John) Meats	Dec 14
Radio Clyde	Dec 11
Sidlaw	Dec 10
Speyhawk	Dec 11

Cocoa dives after failure of talks

BY DAVID BLACKWELL

COCOA PRICES nose-dived in both London and New York yesterday in the wake of the International Cocoa Organisation's failure to agree on measures to reactivate its price support mechanism.

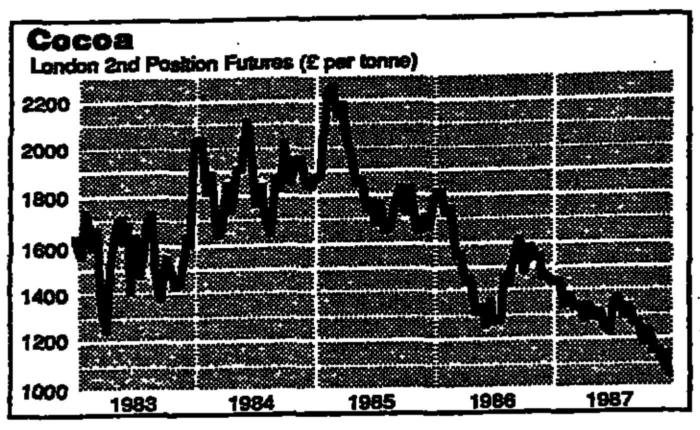
The March position cocoa contract on the London Fox (Futures and Options Exchange) opened yesterday morning down by the maximum permitted *amount of £40 a tonne*, and the market was closed for the statutory 15 minutes before trading recommenced. By the close it was £1,048 a tonne – a fall of £89 a tonne.

On Friday the market had taken the view that it would be third time lucky for the organisation's attempts to get the buffer stock manager back into action. The buffer stock has been suspended since June, and two *attempts to review the* "must buy" and "must sell" price levels had already failed since then.

By the close on Friday the March contract was up £43 a tonne at £1,137 a tonne. Dealers were expecting the producing and consuming countries to reconcile their differences later that evening.

In the event the talks collapsed in the early hours of Saturday *morning*, leaving the market high and dry and the prospects for the agreement gloomy. The meeting has been technically adjourned until the end of February.

The opening *of* the talks last *week had not inspired the market* with confidence. Until Friday Prices had remained around the lowest for five years as producing countries battled with each other about the level of prices which they felt ought to be defended.



The levels have remained at 1,600 SDRs (Special Drawing Rights) for "must buy" and 2,270 SDRs for "must sell" since the 1986 cocoa agreement came into effect early this year. In May and June the buffer stock manager, who already has *100,000 tonnes* of stock held over from the previous agreement, bought *75,000 tonnes - the maximum he was* allowed to take before the levels had to be reviewed.

Meetings of the organisation in July and September ended in disagreement, with the Ivory Coast - the biggest producer - opposing any reduction in the price to be defended. But on Thursday last week the producing countries had hammered out an agreement which allowed for a reduction in both levels of 115 SDRs a tonne. However, this was linked to other measures designed to weaken the effect of cocoa being offered to the consumers from countries outside the agreement.

It was this linked measures - which included plans for a quota on imports from countries outside the agreement - which consumers *balked at*.

If a price cut had been agreed, the buffer stock manager would have been able to take a further 75,000 tonnes of cocoa off the market, taking his holding to the maximum permitted level of 250,000 tonnes.

However, some analysts have been *doubtful* that any purchase for the buffer stock would be effective in supporting the market, given the low prices prevailing this year and the prospect of a *fifth successive year of supplies* outstripping demand.

Some also doubt whether the buffer stock manager has sufficient funds to buy as much as 75,000 tonnes, given that the organisation is owed about $45m in outstanding levies.

Analysts believe the price could now drift below £1,000 a tonne as the prospects for the coming harvest become clearer – unless there is a sudden deterioration in the West African crop.

Meanwhile, traders in Malaysia – outside the agreement but one of the six largest producing countries – said that they could live with the low cocoa price. The question is – can the International Cocoa Agreement?

● Ghana's cocoa industry will receive a fresh injection of funds over the next five years following an agreement with donors to provide a total of $128m, according to the official Ghana News Agency, **reports reuter from Accra.**

The agency quoted Mr Seung Choi, World Bank representative in Accra, as saying the Bank had *approved on December 1 loans* worth $40m from its soft loan affiliate, the International Development Association.

The interest-free money will help Ghana to rehabilitate itsvital cocoa sector through a programme starting early next year.

MacGregor to unveil set-aside scheme

By David Blackwell

BRITISH PROPOSALS to pay farmers who agree to cut cereal production are to be unveiled by Mr John MacGregor, the Agriculture Minister, today.

Following decisions taken in Brussels earlier this year on a package of Common Agricultural Policy reforms, each member state is under obligation to produce a plan by April 1 1988 aimed at reducing the Community's grain surplus. Compensation under this so-called extensification scheme would be paid to farmers who voluntarily agreed to reduce their cereals output by different methods, including setting aside land.

Those decisions, under the socio/structural package, preceded the recent, somewhat vaguely-worded European Commission plan for a Community-wide *set-aside scheme, which* was brought into the crucial negotiations last month on agricultural "stabilisers" (essentially automatic price cuts once the production targets are breached.)

The set-aside idea, which has been tried with mixed results in the US, is now seen in Brussels as a useful complement to price cuts in the cereals sector and one way of encouraging West Germany in particular to accept a measure of CAP reform.

Although it was a major issue at the Copenhagen summit last weekend, the idea failed to break the deadlock over the whole range of EC budget reforms *which were on the agenda.*

Mr MacGregor's expected announcement, coming so soon after the collapse of the Copenhagen summit last weekend, has worried UK farmers, who fear any *action that might* be taken by Britain without its EC partners.

Mr Simon Gourlay, president of the National Farmers' Union, said yesterday: "We favour a set-aside scheme, but Britain cannot go it alone; it must be part of an EC package with strict controls and policing."

Britain can justly claim to have prompted some of the *thinking in the Community on* set-asides with a controversial paper written the informal meeting of EC farm ministers in the English lake district in September 1986.

Mr MacGregor is known to be strongly behind a "set aside" scheme. Last July he told the Home Grown Cereals Authority that the EC could not rely on decreasing the price paid to farmers as a means of reducing mounting cereal surpluses.

Breeding nostalgia at the Smithfield show

FARMER'S VIEWPOINT

By John Cherrington

THE ROYAL Smithfield Show, which is running at Earls Court this week, has become very popular in recent years. Farmers from all over the country flock to London each December to spend a day at the Show while their wives do the Christmas shopping.

This year, much to my regret, I *am prevented from attending the* event by illness From a commercial standpoint my main interest at the show is in the machinery displays; but for me the cattle hold the chief personal attraction, albeit a nostalgic and academic one.

Although I have never kept beef cattle on my own account my farming apprenticeship was spent largely in their company.

On leaving school my first job *was on a beef farm in the West* Midlands. My boss was a grazier. He bought cattle in the early spring and brought them home to graze his pastures through the summer. Then in late June he sent them back to market again.

Even to my youthful eyes it did not seem a very profitable enterprise. I came to know the several hundred cattle I looked around every day quite well: They are very individual beasts and I soon *noticed that* a number of them did *not* fetch as much on sale as they had cost.

I pointed this out and asked if an account was kept of these matters. As a keen apprentice I *even suggested that it might help* if I kept accounts myself.

He would have none of it, however. He loved his cattle and told me that even if isolated beasts did not show a profit the enterprise as a whole did. In any case, he enjoyed it.

This last was the telling phrase. Enjoyment blinds many farmers the requirements of good business.

I then spent two years on beef ranches in Argentina. These reared some of the finest beef cattle in the world to supply chilled beef to Britain. The breeds were Scots Aberdeen Angus and Shorthorn on the better land, with Herefords running on the rougher country. I count myself lucky to have worked with such marvellous stock.

I have been back there since, however, and found that, just as in Britain, breeding pure beef cattle was no longer regarded as an economic use of land. The ranches I had worked on had adopted dairying or had been ploughed up for cereals. To cap it all, when I got back to England after four years away my old boss got in touch to offer me the chance of starting his own 200 cow dairy. Which I did.

The problem with beef cattle is that they are among the world's poorest converters of feed into meat. They are nowhere near as efficient as pigs or poultry, and on grass they are not as good as sheep. On my land a ewe will produce about her own weight in lamb in a season; a breeding cow will take another six months at least.

Nevertheless I have always visited the Smithfield Show just to keep in touch with trends.

Until about 20 years ago the traditional British breeds were supreme but the main animals on show were usually cross-bred. This was to take advantage of the factor of heterosis, or hybrid vigour, which means in effect that a cross between two pure breeds is usually more productive than a pure breed.

Then came the invasion of the European breeds, led by the Charolais from France which have spread throughout the world. There is now some European blood in most of the Smithfield cattle. What the imports brought was greater size for age, probably reflecting their original use as draught animals. The pure beef British stock had been turned over exclusively to meat production *early in the 19th century* and they eventually became too small and too fat for modern tastes.

Those on show at Earls Court *these days still seem like that*, but they are pleasing to the traditionalist's eye. Moreover the competition between breeders is often judged by breeders as well; hardly an unbiassed jury.

There is also a carcase competition, with the animals judged alive and then on the hook. This sometimes produces surprising results with little apparent correlation between a winner in the live class and the butchers' ideal carcase.

This, according to some in the meat trade, is a bad example for farmers to follow and accounts for many complaints about over-fat animals.

The truth is, however, that farmers have little incentive to take up on-the-hook grading. About half the cattle and two thirds of the sheep are still graded alive in markets, by much the same sort of criteria of carcase conformation as are applied at Smithfield.

Most farmers prefer live grad*ing* because if they do not like the results they can withdraw their stock. Exporters and supermarket suppliers are now calling for compulsory carcase grading, and if we are to have a worthwhile industry it must come. It is significant that pigs and poultry, which are the main competitors to red meat, are never graded alive.

The financial backing for Smithfield comes from the machinery manufacturers, for which it is the main British showcase.

Farm machinery is an international business these days and there is no doubt that the multinational manufacturers appreciate the protection afforded to farmers by high European Community produce prices.

End of the line approaches for Chicago stock yards

BY DEBORAH HARGREAVES IN CHICAGO

AN ERA is coming to an end in Chicago as the last of the area's famous stock yards go up for sale. Their closure, which could come within the next few months, will mark the passing of the industry on which the city was built and which gave rise to Chicago's fame as the "hog butcher to the world."

During their peak period at the *turn of the century, the yards* were handling over 3m cattle and 6m pigs a year, but they have been on the decline ever since.

The yards were central to Chicago's growth as an important *hub city. In 1865, the* newly-opened Union Stock Yards on the city's south side covered almost a square mile and employed over 30,000 people.

In 1971, they were moved out *of the congested city to* newly-built premises at Joliet – some 50 miles outside Chicago. These are now to be sold and it is unlikely any purchaser will keep them open since the number of cattle turning up for market *there has dwindled in recent* years.

Mr Harlan Bane who runs the Joliet yards, having moved with the business from Chicago, recalls that when he started at *the stock yards in 1953*, they were already losing their pull. Since then, technological advances, including refrigerated truck transport, have removed the need for a centralised meat packing industry.

When the Joliet yards were opened, herds of around 10,000 cattle a week were arriving for auction, but this has slowed to a steady trickle of less than 500. Most of the cattle arrive on Mondays, Mr Bane explains, with a couple of hundred hogs turning up throughout the week.

Today, the focus of US livestock farming has shifted away from the mid-west, and over 85 per cent of the cattle business is concentrated in seven southwest states. Livestock farming in the mid-west has largely been replaced by big grain farms and the meat packing industry has been *concentrated in the hands* of fewer and fewer companies.

Mid-west farmers who still deliver to Joliet will have to travel further afield to either Peoria – 100 miles away – or East St Louis in Missouri to find the nearest stock yard.

Mexico sets quota for cattle exports to US

BY DEBORAH HARGREAVES

US FEEDER cattle imports are expected to rise in the next three months following Mexico's announcement of its quota for this year's exports to the US. The quota announcement had been held up for three months because of internal wrangling between the Mexican Government and the country's cattlemen. The cattlemen are eager to cash in on the estimated $400m of hard currency their exports to the US accrue, but the Govern*ment* needs the beef to keep down internal prices. This year's quota, at 1m head of cattle is slightly below last year's 1.2m level, but is still nearly 60 per cent ahead of 1985's exports.

Mexican imports represent only a small portion of the US market, which ranges around 28m head a year, mostly from domestic feeder lots. But deliveries from south of the border keep prices in the southwest of the US down, a fact that is welcomed by some feedlot managers, but not by cow breeders.

Feeder cattle are young ani*mals which are fattened up in* feed lots for several months before being slaughtered.

More lambs born in NZ

By Dai Hayward in Wellington

THIS season 1.6 m more lambs have been born on New Zealand farms than last year, making a total of 47.9m lambs.

Last year the lamb crop was 46.35m.

This year's figure comes in spite of a fall of 500,000 in the ewe flock. Better weather conditions during the lambing period *meant the survival rate of new* born lambs was much higher this year.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium standard	+250	to 40,500
Aluminium high grade	+1,300	to 60,150
Copper	–3,850	to 64,075
Lead	+625	to 19,875
Nickel	+162	to 60,150
Zinc	–1,260	to 30,200
Tin	–95	to 19,535
Silver (oz).	-100,000	to 19,728,000

'Guarded optimism' on US farming

BY NANCY DUNNE IN WASHINGTON

ALTHOUGH THE US farm credit system is still struggling under the weight of the agricultural recession, the outlook for farm financing is one of "guarded optimism" with the agricultural economy showing *new* signs of "health", according to the US Department of Agriculture.

A Department paper described the 1987 American farm economy as "characterised by income recovery, a lower debt burden and asset *stabilisation*."

"Current returns to equity and assets are in the 3-5 per cent range - higher than most years during the 1960's -70's," it said, "while cash income is projected *to decline 6 to 10 per cent in* 1988, there is likely to be a continued consolidation of balance sheet gains."

The paper warned, however, that financial stress will endure in 1988, particularly for highly geared farmers with substantial interest or rent expenses. And it emphasised the worry about the financial health of a sector that is highly dependent on Government supports.

Thanks to the government payments, strong livestock profits, declining costs and unprecedented yields, American farmers in 1987 are expected to achieve a record net farm income of $45bn. But this is expected to drop by about 5 percent in 1988. Under budget deficit legislation moving through *Congress, farm subsidies* will be severely trimmed, and farmers who enter the acreage reduction programme will find they have to remove more land for less money.

Although Congress is moving to ensure the survival of the Farm Credit System with a $4bn rescue, *some of the provisions in* the bail-out legislation are hindering the system's competitiveness, one speaker said last week.

According to Dr Danny Klinefelter, an economist with Texas A & M *University*, the system's credit worthy borrowers are going to have to pay higher costs. Under the legislation likely to emerge, the rescue will be funded by the issue of 15 year bonds with *the federal* government paying all of the interest for the first five years.

WORLD COMMODITIES PRICES

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 4	Dec 3	mnth ago	yr ago
1675.6	1689.3	1651.8	1637.1

DOW JONES (Base: December 31 1974 = 100)

	Dec 4	Dec 3	mnth ago	yr ago
Spot	129.54	131.68	126.55	118.41
Futures	131.07	132.76	129.02	118.53

LONDON MARKETS

NICKEL PRICES continued to move ahead on the London Metal Exchange, with the second postion contract adding a further £60.50 a tonne to last week's rise of £98.50. This left the metal at £3,704 a tonne - the highest level since July 12 1985. The market was boosted once it breached the £3,650 mark, traders said, which sparked chart-related buying by institutions. It appeared to be rather overbought - but supplies are still tight, with a rise of only 162 tonnes in stocks at LME warehouses last week.

News that total stocks of both 99.5 per cent pure and 99.7 per cent aluminium rose by 1,550 tonnes made little impact on the market, as the rise constituted a relatively small movement when compared to those seen in recent weeks. Meanwhile coffee prices shed £10 a tonne in quiet trading. Dealers said they were waiting for further clarification from the International Coffee Organisation talks yesterday and today on the number of quota cuts possible before end-December.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	1670-80	1665-75		1670-80		
3 months	1655-65	1650-60		1655-65		2,462 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 7,950 tonne
Cash	925-6	919-22	923/922	923-4		
3 months	908.5-9.5	905-7	915/907	909-10	915-17	59,032 lots
Copper, Grade A (£ per tonne)						Ring turnover 44,750 tonne
Cash	1440-5	1350-5		1437-40		
3 months	1281-2	1210-11	1297/1263	1275-7	1283-4	81,845 lots
Copper, Standard (£ per tonne)						Ring turnover 25 tonne
Cash	1365-75	1225-45	1365	1360-80		
3 months	1260-5	1185-1205		1255-65		39 lots
Silver (US cents/fine ounce)						Ring turnover 20,000 ozs
Cash	666-8	670-3	658	658-60		
3 months	676-82	684-7		672-4	680-5	828 lots
Lead (£ per tonne)						Ring turnover 4,075 tonne
Cash	354.5-5.5	358-60	357	356.5-7		
3 months	340-40.5	341-2	342/340	341.5-2	340-1	12,602 lots
Nickel (£ per tonne)						Ring turnover 2,334 tonne
Cash	3742-7	3580-90		3720-5		
3 months	3703-5	3542-5	3710/3670	3685-70	3690-3700	8,969 lots
Zinc (£ per tonne)						Ring turnover 6,000 tonne
Cash	477.5-8.5	474-6		478.5-9.5		
3 months	481.5-2	478-9	483/481	482.5-3	481-2	14,635 lots

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	481¾-482¼	268¼-268¾
Opening	481¾-482¼	268¼-268¾
Morning fix	480.90	268.65
Afternoon fix	481.15	267.931
Day's high	482½-483	
Day's low	479½-480	

Coins	$ price	£ equivalent
US Eagle	496-501	276-279
Mapleleaf	496-501	276-279
Britannia	496-501	276-279
Krugerrand	480½-483½	267½-269½
1/2 Krug	251-260	139¾-145
1/4 Krug	124-132	69-73¼
Angel	493-498	274¾-277½
1/10 Angel	49-54	27¼-30
New Sov.	113¼-114¾	63-63¾
Old Sov.	113¾-114¾	63-64
Noble Plat	502-512	279¾-285¼

Silver fix	p/fine oz	US cts equiv
Spot	369.55	663.00
3 months	377.45	676.00
6 months	385.50	689.10
12 months	401.80	716.25

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.5%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1650	60	85½	25½	79
1675	46	55	36	93½
1700	34	46	49	109

Copper (Grade A)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
2300	202	231	62½	247
2400	143	191	108	305
2500	97	157	156	369

Copper (Grade A)	Calls		Puts	
Strike price £ tonne	Jan	Mar	Jan	Mar
1325	75		41	
1350	62		52½	
1375	50		65½	

SPOT MARKETS

Crude oil (per barrel FOB December)		+ or -
Dubai	$16.59-6.63z	–0.165
Brent Blend	$17.75-7.80	–0.125
W.T.I.(1 pm est)	$18.50-8.55z	–0.30

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	180-182	
Gas Oil	168-178	
Heavy Fuel Oil	80-81	–1
Naphtha	154-156	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$482	+1.5
Silver (per troy oz)♣	671p	+9.5
Platinum (per troy oz)	$487.75	–2.25
Palladium (per troy oz)	$114.25	+1.50
Aluminium (free market)	$1675	+10
Copper (US Producer)	115½-127c	–5¾
Lead (US Producer)	42c	
Nickel (free market)	310c	+2
Tin (European free market)	£3850	+10
Tin (Kuala Lumpur market)	16.89r	–0.03
Tin (New York)	319.5c	
Zinc (Euro. Prod. Price)	$860	
Zinc (US Prime Western)	44.375c	
Cattle (live weight)†	106.14p	+2.93*
Sheep (dead weight)†	205.34p	+8.12*
Pigs (live weight)†	72.28p	–0.19*
London daily sugar (raw)	$202.00w	–0.60
Londondaily sugar (white)	$207.00w	–0.40
Tate and Lyle export price	*£218.50*	*+1.00*
Barley (English feed)	£110.00	
Maize (US No. 3 yellow)	£133.50	+0.50
Wheat (US Dark Northern)	£93.25	
Rubber (spot)♥	62.50p	
Rubber (Jan) ♥	64.50p	+0.50
Rubber (Feb) ♥	64.50p	+0.25
Rubber (KL RSS No 1 Jan)	268.50m	+1.00
Coconut oil (Philippines)§	$530v	
Palm Oil (Malaysian)§	$405z	
Copra (Philippines)§	$340	+5
Soyabeans (US)	£143	–2.5
Cotton "A" Index	74.10c	–0.80
Wooltops (64s Super)	484p	+2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Dec/Jan. v-Jan/Feb. x-Nov/Dec.z-Jan † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. § CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg

FREIGHT FUTURES £/index point

	Close	Previous	High/Low	
Jan	1302.0	1295.0	1310.0	1298.0
Apr	1314.0	1319.0	1320.0	1313.0
Jly	1185.0	1165.0	1170.5	1165.0
BFI	1238.0	1231.0		

Turnover: 245 (371)

TEA

There were 23,842 packages on offer in this week's sale including 3,800 packages in the offshore section, reports the Tea Brokers' Association. A strong demand prevailed. Best and medium Assams met improved competition and put on 5-10p, sometimes more, and dusts were a good feature. Plainer varieties, however, stayed weak. East Africans were again well supported with bright liquoring and good medium sorts often 5-10p higher. Selected lesser types also made substantial gains. Central Africans received limited enquiry and shed several pence. Offshore teas came in for good demand at firm rates. Quotations: quality unq (unq), medium 112p a kg. (108p), low medium 82p (82p).

COCOA £/tonne

	Close	Previous	High/Low	
Dec	1017	1095	1030	1010
Mar	1048	1137	1060	1040
May	1066	1155	1081	1064
Jly	1086	1174	1100	1085
Sep	1106	1194	1118	1105
Dec	1133	1216	1147	1130
Mar	1156	1238	1168	1153

Turnover: 6825 (7747) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for December 7: 1384.76 (1455.26) .10 day average for December 8: 1434.41 (1440.70).

COFFEE £/tonne

	Close	Previous	High/Low	
Jan	1232	1240	1245	1230
Mar	1255	1265	1268	1253
May	1274	1285	1284	1275
Jly	1292	1300	1299	1294
Sep	1308	1315	1315	1305
Nov	1330	1329		
Jan	1355	1350		

Turnover: 1017 (1811) lots of 5 tonnes
ICO indicator prices (US cents per pound) for December 4: Comp. daily 116.27 (114.99); 15 day average 115.99 (116.05).

SUGAR $ per tonne

Raw	Close	Previous	High/Low	
Mar	182.80	178.60	183.20	178.60
May	182.40	178.80	182.40	179.00
Aug	182.80	179.00	183.00	178.60
Oct	184.00	180.00	184.00	180.00
Dec	185.80	182.00		
Mar	189.60	186.00		
May	191.60			

White	Close	Previous	High/Low	
Mar	215.00	211.50	215.50	211.10
May	219.00	215.60	219.00	216.00
Aug	224.00	221.50	222.00	220.00
Oct	224.00	221.00	219.00	219.00
Dec	224.00	220.50	221.50	221.50
Mar	229.00	226.50		
May	231.00	230.00		

Turnover: Raw 1944 (1771) lots of 50 tonnes; White 2244 (1596).
Paris- White (FFr per tonne): Mar 1207, May 1231, Aug 1270, Oct 1268, Dec 1280, Mar 1310.

GAS OIL $/tonne

	Close	Previous	High/Low	
Dec	162.75	164.75	164.25	162.50
Jan	162.75	164.50	164.00	162.25
Feb	160.00	161.25	160.50	159.75
Mar	156.00	158.00	156.50	155.75
Apr	152.25	153.75	153.25	151.00
May	150.00	152.50	150.00	

Turnover: 4214 (6427) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Jan	116.20	116.35	116.60	116.15
Mar	117.65	118.20	118.30	117.65
May	119.80	120.40	120.55	119.80
Jly	122.30	122.75	122.75	122.30
Sep	103.35	103.35	103.35	
Nov	105.35	105.35	105.35	105.25
Jan	108.15	108.00		

Barley	Close	Previous	High/Low	
Jan	108.20	108.40	108.65	108.20
Mar	110.00	110.20	110.50	110.00
May	111.35	111.35		
Sep	97.70	97.60		
Nov	99.95	99.85	102.35	99.85
Jan	102.35	102.25	102.35	102.25

Turnover: Wheat 519 (329), Barley 85 (124) lots of 100 tonnes.

POTATOES £/tonne

	Close	Previous	High/Low	
Feb	100.0	102.0		
Mar	89.0	90.0		
Apr	141.5	145.8	145.0	141.0
May	154.2	160.8	159.3	153.9
Nov	85.5	85.0		
Nov	90.0	95.0	95.0	

Turnover: 826 (276) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	144.00	146.50	
Apr	135.50	138.00	136.00
Jun	128.00	128.00	
Aug	128.80	126.00	
Oct	124.00	126.00	
Dec	126.00	128.00	

Turnover: 105 (55) lots of 100 tonnes.

US MARKETS

Precious metals were quiet and under pressure, reports Drexel Burnham Lambert. Fund selling depressed gold but trade buying was noted. Silver opened lower but recovered on dealer buying in a session dominated by locals. Platinum fell on early local selling which touched off light stops before locals covered. Copper firmed on overseas, arbitrage and trade buying. Crude oil fell on a combination of trade and local selling before fund buying and local short-covering pared losses. Cocoa fell sharply to close $150 lower for December and limit-down in the back months following the collapse of the ICCO talks.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	481.5	482.9	482.5	480.2
Jan	483.2	484.5	0	0
Feb	486.5	487.8	488.2	484.9
Apr	492.4	493.6	494.3	491.0
Jun	498.4	499.5	499.0	497.0
Aug	504.6	505.6	0	0
Oct	511.1	512.0	510.5	510.5
Dec	517.8	518.6	518.5	516.2
Feb	524.6	525.3	523.5	523.5

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	118.20	111.00	118.50	114.70
Jan	112.20	104.40	110.00	107.00
Feb	108.20	100.25	0	0
Mar	104.20	196.15	104.60	100.30
May	97.10	89.50	97.50	93.30
Jul	92.70	85.90	92.60	90.50
Sep	90.20	84.40	89.40	88.80
Dec	88.70	83.15	89.05	86.00
Jan	88.50	82.95	0	0
Mar	88.00	82.75	88.00	88.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Jan	18.38	18.74	18.64	18.36
Feb	18.10	18.49	18.38	18.10
Mar	17.98	18.29	18.24	17.98
Apr	17.98	18.22	18.17	17.96
May	17.94	18.15	18.14	17.94
Jun	17.92	18.09	18.05	18.00
Jul	17.85	18.03	17.95	17.85
Aug	17.90	17.98	17.93	17.90
Sep	17.80	17.93	17.82	17.80
Oct	17.70	17.88	17.70	17.70

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Dec	487.5	485.8	0	0
Jan	491.0	489.1	498.0	486.5
Apr	499.5	497.6	506.5	495.0
Jul	508.0	506.1	514.0	504.0
Oct	516.5	514.6	524.0	512.0
Jan	525.0	523.1	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Jan	55.25	56.26	56.20	55.10
Feb	54.00	55.01	54.90	53.75
Mar	51.40	52.20	52.25	51.25
Apr	49.25	50.00	50.05	49.15
May	48.00	48.70	48.90	47.90
Jun	47.30	47.96	48.10	47.39
Jul	47.76	47.86	47.75	47.75

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	667.0	674.0	672.0	662.0
Jan	669.2	676.2	0	0
Feb	674.8	681.6	0	0
Mar	680.0	687.0	688.0	675.5
May	749.3	695.2	698.0	685.5
Jul	698.7	705.4	704.0	694.0
Sep	708.2	714.9	705.0	705.0
Dec	722.9	729.6	725.0	715.0
Jan	727.4	734.1	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1748	1892	1750	1739
Mar	1750	1897	1755	1735
May	1830	1918	1830	1830
Jul	1859	1947	1859	1859
Sep	1888	1974	0	0
Dec	1917	2005	1917	1917
Mar	1952	2040	0	0
May	1982	2070	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	123.48	124.53	124.10	123.15
Mar	127.27	127.98	127.90	127.01
May	129.28	130.25	129.90	129.05
Jul	131.18	132.23	131.80	131.00
Sep	132.95	133.50	133.50	133.00
Dec	135.13	135.05	135.00	135.00
Mar	136.30	137.50	0	0
May	136.35	137.63	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	7.70	7.56	7.70	7.60
Mar	8.12	7.95	8.15	7.93
May	8.11	7.93	8.12	7.93
Jul	8.11	7.93	8.14	7.95
Oct	8.15	8.01	8.18	7.98
Jan	8.29	8.13	0	0
Mar	8.42	8.30	8.45	8.30

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	64.75	64.80	65.60	64.40
Mar	64.92	64.90	66.05	64.55
May	65.83	65.60	66.70	65.35
Jul	65.60	65.75	66.70	65.55
Oct	63.02	63.20	63.30	63.20
Dec	61.85	62.13	62.73	61.80
Mar	63.22	63.37	63.50	63.30

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	168.25	170.75	170.50	167.60
Mar	166.80	169.10	169.00	166.80
May	166.45	168.00	168.00	166.05
Jul	167.00	167.90	167.50	165.50
Sep	165.60	168.95	166.75	165.50
Nov	163.25	162.95	0	0
Jan	158.45	158.95	0	0
Mar	158.45	158.85	0	0
May	158.45	158.95	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	589/6	587/0	592/0	579/4
Mar	596/6	595/2	600/0	586/4
May	604/0	601/0	605/0	592/4
Jul	606/4	603/6	608/0	595/0
Aug	602/4	600/0	602/4	594/0
Sep	575/4	576/0	576/0	570/0
Nov	566/6	570/2	568/0	562/0
Jan	574/0	577/4	574/0	572/0
Mar	581/0	0	581/0	581/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	18.71	18.39	18.71	18.29
Jan	18.79	18.44	18.80	18.36
Mar	19.13	18.77	19.14	18.72
May	19.43	19.05	19.43	19.00
Jul	19.60	19.25	19.60	19.25
Aug	19.60	19.25	19.60	19.61
Sep	19.45	19.20	19.45	19.30
Oct	19.40	19.20	19.40	19.30
Dec	19.48	19.22	19.48	19.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	210.7	210.7	211.0	204.5
Jan	200.7	201.6	201.8	195.5
Mar	191.2	191.7	192.0	186.5
May	183.5	184.0	184.0	179.0
Jul	179.2	180.2	180.0	176.0
Aug	179.0	180.0	179.0	174.0
Sep	178.7	179.2	179.0	174.0
Oct	173.5	175.2	175.0	173.0
Dec	172.1	175.3	174.0	172.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	185/0	184/4	185/0	182/2
Mar	191/6	190/6	191/6	188/4
May	196/2	195/6	196/2	193/2
Jul	200/4	199/4	200/4	197/4
Sep	198/4	197/4	198/6	196/0
Dec	195/2	194/0	195/2	192/0
Mar	201/0	200/4	201/4	199/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	307/2	309/0	308/6	306/4
Mar	315/2	316/6	317/0	315/0
May	313/2	314/2	314/0	312/2
Jul	302/2	304/2	303/4	302/0
Sep	306/0	307/0	306/0	305/0
Dec	313/0	312/0	313/0	312/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	63.67	63.17	63.80	63.32
Feb	60.25	59.45	60.30	59.70
Apr	62.55	61.92	62.60	62.05
Jun	62.85	62.07	62.90	62.35
Aug	60.85	60.27	60.90	60.35
Oct	60.05	59.72	60.15	59.75
Dec	61.70	61.50	61.70	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	43.07	43.00	43.17	42.40
Feb	41.15	41.22	41.45	40.75
Apr	37.77	37.45	37.95	37.40
Jun	40.85	40.57	40.90	40.55
Jul	41.70	41.50	41.70	41.35
Aug	40.27	40.00	40.35	40.07
Oct	37.95	37.80	38.00	37.52
Dec	38.75	38.42	38.75	38.35

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	51.92	51.90	52.40	51.50
Mar	51.87	51.82	52.30	51.50
May	53.40	53.50	53.60	52.80

هكذا من الأصل

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits trade figures

THE DOLLAR encountered no fresh factors yesterday and there was no sign of intervention by central banks.

Dealers noted the Federal Reserve may have joined the West German Bundesbank and Bank of England in *supporting* the dollar on Friday, but considered the US attitude towards preventing a further slide in the value of its currency as less than *whole hearted*.

Deficits on the US budget and trade remained the main underlying influences on the market.

There was doubt that Congress will sanction the proposals to cut the budget deficit, but the main factor in deciding the direction of the dollar this week is likely to be October's trade figures.

These will be published Thursday, and in general the market expects no improvement on the September deficit of $14.08bn. On seasonal grounds the deficit is likely to be worse, although some of the more optimistic forecasts put the October deficit at only $14bn.

The median expectation is just below $15bn, but if the figure is as high as other *forecasts* in the region of $16bn the dollar is likely to come under renewed pressure. In quiet trading the dollar rose to DM1.6715 from DM1.6690; to FFr5.6650 from FFr5.6575; and to SFr1.3660 from SFr1.3640, but eased slightly to Y132.75 from Y132.80.

On Bank of England figures the dollar's index rose to 95.6 from 95.5.

STERLING-Trading range against the dollar in 1987 is 1.8260 to 1.4710. November average 1.7770. Exchange rate index fell 0.1 to 75.7, compared with 72.6 six months ago.

Sterling straddled DM3.00 at the close in London last night, the highest closing level since mid-October. In the meantime the pound has rarely moved below DM2.99, but fear of Bank of England intervention has prevented the currency moving above DM3.00.

Interest rate differentials point towards a short term rise by sterling, but the market is less confident about the longer term prospects in expectation of a worsening UK current account balance of payments.

The pound rose from DM2.9975 on Friday, but fell 30 points to close at $1.7940-1.7950. Sterling also declined to FFr10.1650 from FFr10.17 and to Y238.25 from Y238.75, and was unchanged at SFr2.4525.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6400. November average 1.6809. Exchange rate index 150.9 against 146.9 six months ago.

The D-Mark lost ground to the dollar in featureless trading. Apart from questions about intervention policy, after the Fed's apparent small scale dollar buying on Friday, there was nothing to move the US currency, *which closed at DM1.6705* in Frankfurt, compared with DM1.6635 on Friday.

The Bundesbank did not intervene when the dollar was fixed at DM1.6707, against DM1.6536 on Friday. This was near the upper end of the dollar's range, but trading was very quiet.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 132.45. November average 135.90. Exchange rate index 232.0 against 221.9 six months ago.

There was little change in the yen's rate against the dollar in Tokyo yesterday. Trading was quiet, with dealers expecting the dollar to hold in a narrow range until publication of the US trade figures on Thursday. The immediate performance of the dollar was expected to depend on the trade data and whether the US shows progress in implementing plans to cut its budget deficit.

The dollar closed at Y132.65 in Tokyo, compared with Y132.60 on Friday.

£ IN NEW YORK

Dec. 7	Close	Previous Close
£ Spot	1.8950-1.8960	1.7915-1.7925
1 month	0.09-0.07pm	0.11-0.09pm
3 months	0.34-0.30pm	0.37-0.34pm
12 months	1.23-1.15pm	1.23-1.15pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Dec. 7 1.8950-1.89	Previous
8.30	am	75.6	75.9
9.00	am	75.6	76.0
10.00	am	75.7	76.0
11.00	am	75.7	76.0
Noon		75.7	76.0
1.00	pm	75.8	76.0
2.00	pm	75.8	76.0
3.00	pm	75.7	75.8
4.00	pm	75.7	75.8

CURRENCY RATES

Dec. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	N/A	0.689080
U.S Dollar	6½	N/A	1.23621
Canadian $	8.75¼	N/A	1.62005
Austrian Sch.	3	N/A	14.5279
Belgian Franc	7	N/A	43.1468
Danish Krone	7½	N/A	7.96737
Deutsche Mark	2½	N/A	2.06447
Neth.Guilder	3¾	N/A	2.32321
French Franc	9½	N/A	7.00251
Italian Lira	12½	N/A	1521.16
Japanese Yen	2½	N/A	164.045
Norway Krone	8	N/A	7.99890
Spanish Peseta	-	N/A	139.568
Swedish Krona	7½	N/A	7.46424
Swiss Franc	2½	N/A	1.68557
Greek Drach.	20½	N/A	162.834
Irish Punt	-	N/A	0.775783

C$/SDR rate for Dec.4 1.79153

CURRENCY MOVEMENTS

Dec. 7	Bank of England Index	Morgan Guaranty Changes %
Sterling	75.7	-18.1
U.S Dollar	95.6	-10.9
Canadian Dollar	77.1	-10.5
Austrian Schilling	141.9	+10.8
Belgian Franc	101.4	-4.3
Danish Krone	93.9	+2.6
Deutsche Mark	150.9	+23.5
Swiss Franc	181.2	+26.1
Guilder	138.9	+15.7
French Franc	72.3	-13.2
Lira	47.4	-18.8
Yen	232.0	+73.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100).

OTHER CURRENCIES

Dec.7	£	$
Argentina	7.6985-7.7925	4.2900-4.3400
Australia	2.5680-2.5710	1.4295-1.4305
Brazil	116.24-116.85	64.75-65.10
Finland	7.3490-7.3620	4.0950-4.0970
Greece	234.25-238.15	130.65-132.85
Hong Kong	13.9760-13.9930	7.7850-7.7870
Iran	122.45*	67.05*
Korea(Sth)	1419.50-1432.90	792.50-798.90
Kuwait	0.49660-0.49710	0.27670-0.27680
Luxembourg	62.55-62.65	34.85-34.95
Malaysia	4.4850-4.4965	2.5015-2.5035
Mexico	3992.75-4084.75	2225.00-2275.00
N. Zealand	2.8075-2.8125	1.5625-1.5650
Saudi Ar.	6.7300-6.7360	3.7495-3.7505
Singapore	3.6505-3.6580	2.0340-2.0350
S. Af (Cm)	3.5365-3.5525	1.9715-1.9755
S. Af (Fn)	5.4415-5.6110	3.0305-3.1250
Taiwan	52.45-52.70	29.25-29.35
U.A.E.	6.5920-6.5980	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Dec. 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1468			±1.5344
Danish Krone	7.85212	7.96737			±1.5404
German D-Mark	2.05853	2.06447			±1.0981
French Franc	6.90403	7.00251			±1.3674
Dutch Guilder	2.31943	2.32321			±1.5012
Irish Punt	0.768411	0.775783			±1.6684
Italian Lira	1483.58	1521.16			±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

December.7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7910-1.7980	1.7940-1.7950	0.08-0.06cpm	0.47	0.34-0.30pm	0.71
Canada	2.3508-2.3550	2.3530-2.3540	0.05-0.14cdis	-0.48	0.27-0.38dis	-0.55
Netherlands	3.36¼-3.37¼	3.36¼-3.37¼	2⅛-1¾cpm	4.45	3⅜-3pm	3.78
Belgium	62.52-62.77	62.55-62.65	15-4cpm	1.82	35-21pm	1.79
Denmark	11.54½-11.58½	11.56½-11.57½	1⅛-2⅝oredis	-1.94	3¼-3½dis	-1.25
Ireland	1.1242-1.1274	1.1255-1.1265	0.07pm-par	0.37	0.05-0.10dis	-0.27
W. Germany	2.99¾-3.00½	2.99¾-3.00½	1⅛-1¼pfpm	5.50	3⅝-3½pm	4.83
Portugal	241.09-244.41	242.80-244.28	92-143cdis	-5.79	290-390dis	-5.58
Spain	202.19-203.08	202.60-203.07	65-84cdis	-4.41	217-257dis	-4.67
Italy	2204½-2211¼	2208½-2209½	2-5liredis	-1.90	11-17dis	-2.54
Norway	11.57½-11.63½	11.61-11.62	6⅛-7⅛oredis	-6.97	18-19½dis	-6.46
France	10.14½-10.18	10.16-10.17	par-½cdis	-0.30	⅜-1⅛dis	-0.37
Sweden	10.82½-10.85½	10.82½-10.83½	¼-1oredis	-0.69	1¼-2½dis	-0.69
Japan	237¼-238¼	237¼-238¼	1-⅞ypm	4.41	2⅞-2⅝pm	4.20
Austria	21.04-21.11	21.06-21.09	7-6groпm	3.70	19½-16pm	3.37
Switzerland	2.44½-2.45¼	2.44¾-2.45¾	1¼-⅞cpm	5.20	3-2⅞pm	4.69

Belgian rate is convertible francs. Financial franc 62.85-62.95. Six-month forward dollar 0.66-0.61 c pm. 12-month 1.20-1.10 c pm.

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

December.7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7910-1.7980	1.7940-1.7950	0.80-0.60cpm	4.68	0.34-0.30pm	0.71
Ireland†	1.5905-1.5958	1.5940-1.5950	0.08-0.03cpm	0.41	0.38-0.28pm	0.83
Canada	1.3090-1.3120	1.3105-1.3115	0.09-0.12cdis	-0.96	0.40-0.43dis	-1.27
Netherlands	1.8735-1.8820	1.8790-1.8800	0.60-0.57cpm	3.73	1.47-1.42pm	3.08
Belgium	34.81-34.95	34.85-34.95	6.00-2.00cpm	1.37	12.00-7.00pm	1.09
Denmark	6.42-6.45¼	6.44½-6.45	1.00-1.70oredis	-2.51	3.40-4.10dis	-2.33
W. Germany	1.6650-1.6730	1.6710-1.6720	0.69-0.66pfpm	4.85	1.75-1.70pm	4.13
Portugal	135.80-136.10	135.85-136.15	50-100cdis	-6.62	175-325dis	-7.36
Spain	112.60-113.14	112.65-112.75	45-60cdis	-5.58	130-160dis	-5.13
Italy	1227-1232	1230¾-1231¼	2.20-2.30liredis	-2.19	8.90-11.50dis	-3.25
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.00-35.10.

EURO-CURRENCY INTEREST RATES

Dec. 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: [illegible]

EXCHANGE CROSS RATES

Dec.7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	0.984	1.765	2.951	243.4	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.408	0.732	1.223	97.15	4.145	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	0.297	0.532	0.890	70.64	3.014	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.453	0.812	1.358	107.9	4.602	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.425	0.762	1.275	101.2	4.319	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.597	2.865	4.792	380.6	16.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Gilts move in narrow range

LIFFE TRADING was rather subdued yesterday, with traders already talking about a fall off in business ahead of Christmas.

"People hurt by the recent crash are being restricted in how much they can trade, while those who made money are keeping it," suggested one dealer. There was certainly a fall off in volume. While long term gilt futures managed nearly 23,000 lots traded, the day's range was less than one full point.

Prices opened on a weaker note and continued to drift until about 2pm at which point a modest amount of shortcovering was sufficient to push values to the day's high towards the close. The March price opened at 118-31 down from 119-05 and touched a low of 118-06 before recovering to finish at 118-31.

Three-month sterling deposits moved in line with cash market trends, where the short term outlook for another base rate cut remained good, while the longer view tended to suggest higher rates.

This was reflected in the performance of the March contract which opened a little lower at 91.43, down from 91.47, but finished higher at 91.51. However the price for delivery in September next year fell to 91.10 from 91.14.

October retail figures for the UK rose by 0.9 p.c. compared with a fall of 0.5 p.c. in September. Although mildly encouraging, the rise was much in line with expectations and had little real effect on trading.

US Treasury bond futures opened down from Friday's close but traded within a narrow range to finish virtually unchanged on the day. Activity was a little subdued after the fluctuations seen last week and many speculators were content to sit on the sidelines ahead of October's US trade figures, due for release on Thursday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
116	4.06	4.58	1.08	2.16
118	2.53	3.50	1.55	3.08
120	1.53	2.59	2.55	4.11
122	1.10	2.05	4.12	5.27
124	0.43	1.31	5.45	6.53
126	0.25	1.02	7.27	8.24
128	0.14	0.44	9.16	10.02
130	0.09	0.29	11.11	1.51

Estimated volume total, Calls 2332 Puts 1143
Previous day's open int: Calls 25112 Puts 11537

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-Last Mar	Calls-Last Jun	Puts-Last Mar	Puts-Last Jun
82	5.20	5.22	0.56	1.46
84	3.51	4.08	1.23	2.32
86	2.32	3.07	2.03	3.31
88	1.30	2.18	3.02	4.42
90	0.55	1.40	4.27	6.00
92	0.30	1.08	6.02	7.92
94	0.15	0.49	7.51	9.09
96	0.07	-	9.43	-

Estimated volume total, Calls 0 Puts 31
Previous day's open int: Calls 767 Puts 689

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Dec	Calls-Last Jan	Puts-Last Dec	Puts-Last Jan
15000	11.63	15.61	0.63	1.86
15250	9.55	-	1.05	-
15500	7.65	11.94	1.65	3.19
15750	5.97	-	2.47	-
16000	4.52	8.82	3.52	5.07
16250	3.33	-	4.83	-
16500	2.38	6.28	6.38	7.53
16750	1.64	-	8.14	-

Estimated volume total, Calls 3 Puts 1
Previous day's open int: Calls 47 Puts 136

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE - EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

[illegible]

THREE MONTH STERLING £500,000 points of 100%

[illegible]

FT-SE 100 INDEX £25 per full index point

[illegible]

THREE MONTH EURODOLLAR $1m points of 100%

[illegible]

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

[illegible]

CURRENCY FUTURES

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7945	[illegible]	[illegible]	[illegible]	[illegible]

IMM-STERLING $e per £

[illegible]

LIFFE-STERLING £25,000 $ per £

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

[illegible]

STANDARD & POORS 500 INDEX $500 times index

[illegible]

MONEY MARKETS

UK rates higher

LONGER TERM rates were a little firmer in London yesterday. The ever sharpening yield curve reflected a feeling held by many traders that while base rates may fall another half a point, the longer term trend remained upwards.

UK clearing bank base lending rate 8½ per cent from December 4

Doubts caused by the possibility of a widening UK current account deficit next year and the effect on sterling, were seen as *the principle factors* behind the rise in rates.

Short term rates were confined to a narrow range. On the one hand there was a good deal of liquidity generated by a reluctance to invest in equities or commit funds to long term fixed rate investments but the money market was facing considerable shortages, as previous assistance given by the authorities matured.

One year interbank money rose to 8¹⁵⁄₁₆-8⁹⁄₁₆ p.c. from 8⅞-8¾ p.c. while the three-month rate was higher at 8⅝-8½ p.c compared with 8⁹⁄₁₆-8⁷⁄₁₆ p.c. Overnight money opened at 8¾-8½ p.c. and touched a low of 8¼ p.c. before finishing well bid at around 9 p.c.

The Bank of England forecast a shortage of around £600m with factors affecting the market *including the repayment of late* assistance and bills maturing in official hands together with a take up of Treasury bills draining £810m and the unwinding of previous sale and repurchase agreements a further £824m. In addition banks brought forward balances £85m below target. These were partly offset by Exchequer transactions which added £665m and a fall in the note circulation of £470m.

The forecast was revised to a shortage of around £650m and the Bank gave assistance in the morning of £66m through outright purchases of £56m of eligible bank bills in band 1 at 8⅜ p.c. *and £10m in band 2, also at* 8⅜ p.c.

Additional help in the afternoon totalled £268m and comprised further purchases of £158m of eligible bank bills in band 1 and in band 2 £50m of Treasury bills and £60m of eligible bank bills, all at 8⅜ p.c. Late help came to £255m, making a total of £589m.

In Frankfurt, trading volume was on the low side as dealers awaited details of today's sale and repurchase tender. The last facility was offered at a record low of 3.25 p.c. although this was before last week's cut in the discount rate to 2½ p.c. Consequently some traders expected the Bundesbank to reduce its rate on sale and repurchases. A previous facility expires this week which will drain DM11.8bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec 7) 3 months US Dollars / 6 months US Dollars

bid 7⅞	offer 7⅞	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

December 7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

December 7	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on Monday, December 7, 1987. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
[illegible]	[illegible]	[illegible]

IG INDEXS PRICES APPEAR TODAY ON PAGE 20

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Stock
GOLD C	$ 480	44	23	-	-	-	-	$ 481.75
GOLD C	$ 500	152	14.50 B	-	-	-	-	"
GOLD C	$ 520	29	8.20	-	-	-	-	"
GOLD C	$ 540	15	4	30	12.50	-	-	"
GOLD P	$ 400	20	1	-	-	-	-	"
GOLD P	$ 460	50	7.50	-	-	-	-	"
GOLD P	$ 480	14	15	4	19	-	-	"
		Dec. 87		Mch. 88		Jun. 88		
SILVER C	$ 650	-	-	50	105	-	-	$ 675
		Dec. 87		Jan. 88		Feb. 88		
EOE INDEX C	Fl.160	75	5	18	10.10	1	15	Fl. 161.15
EOE INDEX C	Fl.165	65	3.20	18	9	60	12	"
EOE INDEX C	Fl.170	62	1.80	12	6.50	3	10	"
EOE INDEX C	Fl.175	12	1.30	1	4 B	-	-	"
EOE INDEX C	Fl.180	57	0.80	57	3.50	-	-	"
EOE INDEX C	Fl.190	25	0.40	4	2	-	-	"
EOE INDEX C	Fl.200	-	-	40	1.20	-	-	"
EOE INDEX C	Fl.205	-	-	13	1 A	-	-	"
EOE INDEX C	Fl.215	-	-	25	0.50	-	-	"
EOE INDEX P	Fl.155	45	3.10	11	8.70	57	12 A	"
EOE INDEX P	Fl.160	148	5.10	30	11	-	-	"
EOE INDEX P	Fl.165	64	7.50	6	13.60	-	-	"
EOE INDEX P	Fl.170	8	11.50	45	16	-	-	"
EOE INDEX P	Fl.175	10	14.50	-	-	-	-	"
EOE INDEX P	Fl.180	16	20	10	23	-	-	"
$/FL. C	Fl.190	111	1.10	-	-	-	-	Fl. 187.96
$/FL. P	Fl.185	76	1	60	3	113	3.90	"
$/FL. P	Fl.190	1	3	20	5 B	1	6.60	"
		Jan. 88		Apr. 88		Jul. 88		
ABN C	Fl.50	10	0.10	3	0.90	370	1	Fl. 37.70
ABN P	Fl.40	126	3	71	4	9	5.20	"
AEGON C	Fl.50	10	4.80 A	-	-	14	7.50	Fl. 53.20
AHOLD C	Fl.75	55	0.90	-	-	-	-	Fl. 60.70
AKZO C	Fl.90	176	4.10	45	9.20	4	10	Fl. 85.60
AKZO P	Fl.90	93	8	12	11.80 A	14	15.50	"
AMEV C	Fl.35	40	2.20	-	-	-	-	Fl. 34.20
AMEV P	Fl.35	25	3 A	-	-	-	-	"
AMRO C	Fl.65	68	0.70	-	-	-	-	Fl. 57
AMRO P	Fl.60	21	5.50	-	-	-	-	"
ELSEVIER C	Fl.40	4	1.50	23	3.10	102	4.50	Fl. 37.20
ELSEVIER P	Fl.40	-	-	-	-	100	7	"
GIST-BROC. C	Fl.55	191	0.10	5	0.60	-	-	Fl. 25
GIST-BROC. P	Fl.27.50	12	3.50 A	-	-	-	-	"
HEINEKEN C	Fl.130	44	3.50	13	8.70	-	-	Fl. 119
HEINEKEN P	Fl.120	31	8.50	-	-	5	14.50	"
HOOGOVENS C	Fl.55	20	0.10	-	-	-	-	Fl. 25.50
HOOGOVENS P	Fl.27.50	42	3.70 A	7	5	-	-	"
KLM C	Fl.45	505	0.20 A	-	-	-	-	Fl. 26.60
KLM P	Fl.27.50	41	2.30	-	-	-	-	"
NEDLLOYD C	Fl.160	10	1	-	-	-	-	Fl. 109.50
NEDLLOYD P	Fl.120	10	15	-	-	-	-	"
NAT. NED. C	Fl.50	54	1.40	9	2.70	-	-	Fl. 45
NAT. NED. P	Fl.45	16	2.10	7	3.50	-	-	"
PHILIPS C	Fl.30	117	1.20	245	2.50 A	6	3.20	Fl. 27.70
PHILIPS P	Fl.30	235	3.90	31	5.30	14	5.70	"
ROYAL DUTCH C	Fl.220	106	1.70	27	5.50	2	5.50	Fl. 193.50
ROYAL DUTCH P	Fl.180	186	2.50	11	6.50	-	-	"
ROBECO C	Fl.95	-	-	15	2	-	-	Fl. 79.20
ROBECO P	Fl.75	10	1.50	3	6	-	-	"
UNILEVER C	Fl.120	26	1	108	4.50 B	31	6.50	Fl. 96.50
UNILEVER P	Fl.80	43	1.40	91	3.20	-	-	"

TOTAL VOLUME IN CONTRACTS : 14,954

A=Ask B=Bid C=Call P=Put

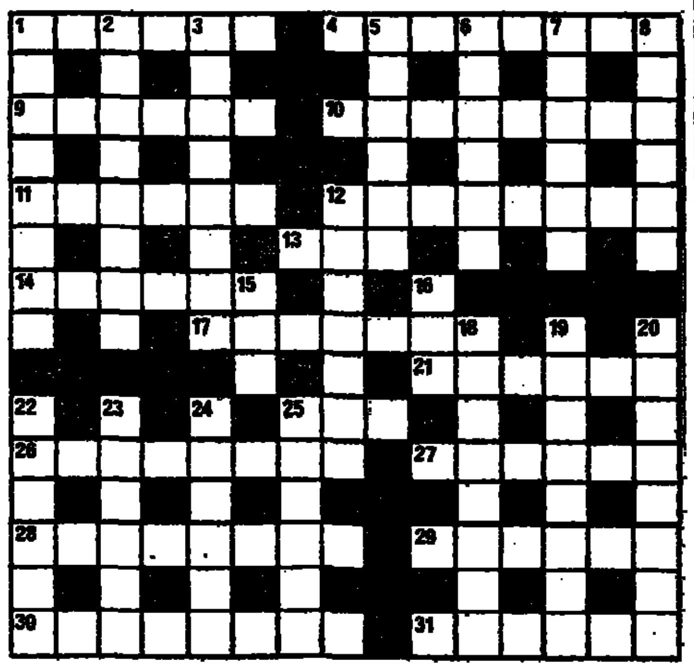
BASE LENDING RATES

	%		%		%
ABN Bank	8½	● Charterhouse Bank	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	Citibank NA	8½	NatWestminster	8½
Allied Arab Bk	9	City Merchants Bank	8½	Northern Bank Ltd	8½
Allied Dunbar & Co	8½	Clydesdale Bank	8½	Norwich Gen. Trust	8½
Allied Irish Bank	8½	Comm.Bk.N.East	8½	PK Finans. Intl(UK)	9
American Exp.Bk	8½	Consolidated Cred	8½	Provincial Trust Ltd	9½
Amro Bank	8½	Co-operative Bank	*8½	R. Raphael & Sons	8½
Henry Ansbacher	8½	Cyprus Popular Bk	8½	Roxburghe G'antee	10½
ANZ Banking Group	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Associates Cap Corp	10	Equat'l Tst C'p plc	9	Royal Trust Bank	8½
Authority Bank	8½	Exeter Trust Ltd	9	Smith & Williams Secs.	8½
Banco de Bilbao	8½	Financial & Gen. Sec.	9	Standard Chartered	8½
Bank Hapoalim	9	First Nat. Fin. Corp.	10	TSB	8½
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	10	UDT Mortgage Exp	♦10.2
Bank Credit & Comm.	9	● Robert Fleming & Co.	8½	United Bk of Kuwait	8½
Bank of Cyprus	9	Robert Fraser & Ptrs.	9½	United Mizrahi Bank	8½
Bank of Ireland	8½	Girobank	8½	Unity Trust Plc	8½
Bank of India	9	Grindlays Bank	8½	Western Trust	8½
Bank of Scotland	8½	● Guinness Mahon	8½	Westpac Bank Corp.	8½
Banque Belge Ltd	8½	HFC Trust & Savings	8½	Whiteaway Laidlaw	9
Barclays Bank	8½	● Hambros Bank	8½	Yorkshire Bank	9
Benchmark Tst Ltd	9	Heritable & Gen Inv Bk	8½		
Beneficial Trust Ltd	10	● Hill Samuel	§8½		
Berliner Bank AG	8½	C. Hoare & Co.	8½		
Brit Bk of Mid East	8½	Hongkong & Shangh	8½		
● Brown Shipley	8½	Lloyds Bank	8½		
Business Mtge Tst	9	Meghraj & Bank Ltd	8½		
CL Bank Nederland	8½	Midland Bank	8½		
Central Capital	8½	● Morgan Grenfell	8½		
Cayzer Ltd	8½	Mount Credit Cpn Ltd	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Sarevise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ♦ Mortgage base rate. § Demand deposit 3.99%. Mortgage 10% - 10.25

FT CROSSWORD No.6,502

SET BY PROTEUS



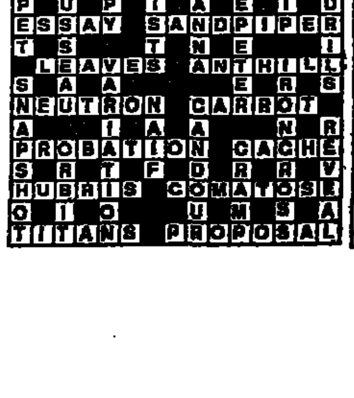
ACROSS

1 Canter about in abstracted state (6)
4 Fall that impairs vision (8)
9 Trip during work-out in gymnasium (6)
10 Trail round island with guide (8)
11 Desire by soldier to achieve brilliance (6)
12 Dinner perhaps with chief male dancer (4,4)
13 Plot to overthrow society girl (3)
14 Fish with one spot on the outside (6)
17 Left-over trees without support? (7)
21 Telephone novice in retreat (6)
25 Skill needed to get one right (3)
26 Maintain quiet aloofness (8)
27 One penny in purse and on these perhaps? (6)
28 Diligence needed for attempt on river (8)
29 Thwart Japanese over apple (6)
30 Psychic powers getting one in real mess in bush-training (8)
31 Allied northern leader in stone (6)

DOWN

1 He wrote list excluding poor poet (8)
2 Well known for giving rates shock to Scotsman? (8)
3 Bond that may shrink (8)
5 A minor thoroughfare overseas (6)
6 Artist returning gentleman's silver (6)
7 Weapon that is first shown to hosts (6)
8 Confused mass of seaweed (6)
12 Tape size? (7)
15 Go astray in pioneer role (3)
16 Vestment of one pound weight (3)
18 Pleasing (but passing) fashion (8)
19 A wee pest perhaps in the garden (5,3)
20 Attendance for public relations exercise seen at church (8)
22 Spirit of wayward priest (6)
23 Make fun of some ill-chosen dupe (4,2)
24 Meals at the Spanish plant (6)
25 Affirms leading Etonian to be backward (6)

Solution to Puzzle No.6,501



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-588 [illegible]

Scimitar Global Gth Acc	24.8	26.9	-0.1	-
Do Income	24.6	26.1	-0.1	0.19
Scimitar European Acc	19.0	20.2	-0.0	-
Do Income	18.9	20.1	-0.0	0.51
Scimitar UK Eq Inc Acc	29.0	30.5	-0.2	-
Do. Income	27.7	29.1	-0.2	6.06
UK Cap Gth Acc	19.2	20.3	-0.4	0.75
Scimitar Pac Basin Acc	23.4	24.9	-1.0	-
Scimitar Mngd Exempt*	126.8	132.1	-4.7	-

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 [illegible]

Intnl Income Units	118.3	125.9	-	3.00
Intnl Accum Units	181.0	192.6	-	3.00
UK General Acc	32.4	34.7	+0.7	5.11
UK General Inc	31.2	33.4	+0.7	5.11
American	23.3	24.9	-0.3	0.64
European	32.6	35.3xd	-0.7	0.44
Japan	49.1	52.5xd	+0.4	-
Technology	20.2	22.3	-	1.42
Performance Trusts				
Far East Perf Tst	13.9	14.9	-0.3	0.64
High Inc Perf Tst Inc	20.7	22.1xd	+0.2	5.97
High Inc Perf Tst Acc	21.0	22.5xd	+0.2	5.97
Worldwide Tech Perf Tst	23.5	25.1	+0.1	-

[illegible]

INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd

Prudential Assurance Co

Royal Heritage Life Assurance Ltd—Contd.

Skandia Life Assurance Co Ltd—Contd.

Swiss Life Pensions Ltd

Knight Williams & Company Ltd

Credit Commercial de France

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Stock	Yield Int.	Yield Red.
Treas 7¾pc 1985–88‡‡	7.76	8.45
Exch 10½pc '88	10.41	8.40
Treas 9¾pc Cv '88	9.69	8.42
Transport 3pc '78–88	3.07	6.93
Treas 9½pc '88	9.63	8.55
Treas 11½pc 1989	11.15	8.63
Treas 9½pc Cnv 1989	9.40	8.61
Treas 3pc 1989	3.13	6.14
Treas 10½pc 1989	10.23	8.61
Exch 10pc 1989	9.81	8.68
Exch 11pc 1989	10.60	8.67
Treas 5pc 1986–89	5.22	7.47
Exch 10¼pcCv '89	9.88	8.88
Treas 13pc 1990‡‡	12.06	8.81
Exch 11pc 1990‡‡	10.56	8.81
Exch. 12½pc 1990	11.64	8.83
Treas. 3pc 1990	3.27	6.73
Treas 8¼pc 1987–90‡‡	8.31	8.56
Treas. 10pcCv 1990	9.72	8.82
Exch 2½pc 1990	2.79	6.45
Treas 11¾pc 1991	10.91	8.87
Funding 5¾pc '87–91‡‡	6.15	8.01
Treas. 3pc 1991	3.39	6.84
Treas 10pc Cv '91 ‡‡	9.57	8.52
Exch. 11pc 1991	10.31	8.90
Treas. 8pc 1991	8.23	8.83
Treas 12¾pc 1992‡‡	11.32	8.98
Treas 10pc 1992	9.66	8.95
Treas. 8pc 1992 ‡‡	8.25	8.85
Treas 10½pc Cv 1992‡‡	9.96	8.97
Treas. 3pc 1992	3.74	8.03
Exch. 12¼pc '92	10.96	9.09
Exch 13½pc 1992	11.58	9.13

Five to Fifteen Years

Stock	Yield Int.	Yield Red.
Treas 10pc 1993‡‡	9.63	9.06
Treas 12½pc 1993‡‡	10.92	9.13
Funding 6pc 1993‡‡	6.65	8.16
Treas 13¾pc 1993‡‡	11.41	9.20
Treas 14½pc 1994‡‡	11.63	9.20
Exch 13½pc 1994	11.28	9.32
Treas. 10pc Ln. 1994‡‡	9.62	9.17
Exch. 12½pc 1994	10.84	9.35
Treas 9pc 1994‡‡	9.04	9.08
Treas 12pc 1995	10.62	9.44
Exch 3pc Gas 90–95	3.71	6.27
Exch. 10¼pc 1995	9.82	9.42
Treas 12¾pc 1995‡‡	10.81	9.47
Treas. 14pc '96	11.37	9.68
Treas. 9pc 1992–96‡‡	9.13	9.24
Treas 15¼pc 1996‡‡	11.60	9.68
Exch 13¼pc 1996‡‡	10.95	9.56
Redemption 3pc 1986–96	3.54	5.15
Conversion 10pc 1996	9.73	9.52
Treas 13¼pc 1997‡‡	10.92	9.66
Exch 10½pc 1997	9.97	9.60
Treas 8¾pc 1997‡‡	9.16	9.45
Exch 15pc 1997	11.36	9.84
Exch. 9¾pc 1998	9.69	9.64
Treas 6¾pc 1995–98‡‡	8.07	9.21
Treas. 15½pc '98‡‡	11.32	9.86
Exch. 12pc 1998	10.49	9.75
Treas 9½pc 1999‡‡	9.51	9.50
Exch. 12¼pc 1999	10.48	9.75
Treas. 10½pc 1999	9.92	9.65
Conversion 10¼pc 1999	9.84	9.65
Tr 8½pc Ln ‡‡	8.92	9.02
Conversion 9pc 2000‡‡	9.33	9.49
Treas. 13pc 2000	10.60	9.82
Treas 10pc 2001	9.74	9.63
Treas. 14pc '98–01	11.06	9.87
Conversion 9¾pc 2001	9.65	9.61
Exch. 12pc '99–02	10.46	9.77
Conversion 10pc 2002	9.71	9.59
Treas 9¾pc 2002	9.62	9.57
Exch. 9pc 2002	9.39	9.53

Over Fifteen Years

Stock	Yield Int.	Yield Red.
Treas. 13¾pc 2000–03	10.77	9.85

BRITISH FUNDS – Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
43⅝	24⅝	RJR Nabisco Inc.	24⅝	–⅛	$1.60	–	3.8
39	21½	Rep NY Corpn $5	23¼	+¼	$1.16	–	2.9
18¼	8¼	Rockwell Intl. $1	9⅛	–⅛	66c	–	4.1
30½	16¼	Sara Lee $1(1/3)	17¼xd	+⅛	$1.00	–	3.3
11½	8⅞	Saul (B. F.) $1	8⅞	–⅛	20c	–	1.3
27½	21¼	Southwestern Bell $1	16⅞	+¼	$2.32	–	7.1
22¼	994p	Staley Continental	10⅞	–⅛	80c	–	4.2
44½	21⅝	Sun Co. Inc. $1	26½	+½	$3.00	–	6.5
42¼	22¼	TRW Inc. $0.625	22¼xd	+⅛	$1.60	–	4.1
37¼	21⅛	Tenneco $5	21⅛xd	–⅛	$3.04	–	8.0
220	149½	Do. 10pcLn.Stk. 91-5	155xd		10%	–	14.7
29⅝	15⅞	Texaco $6.25	17⅝xd	+⅛	$3.00	–	9.8
74½	37¾	Time Inc. $1	38½xd	+⅛	$1.00	–	1.5
20⅞	11	Tracor $0.33(1/3)	17½xd		40c	–	1.3
30¼	15⅞	Transamerica $1	16xd	–⅛	$1.84	–	6.6
14⅝	1¼	Transworld Corp $5	572p		20c	–	2.0
27⅛	12¼	TRINOVA Corp.	14		56c	–	2.3
24½	12⅝	♥USX $1	14⅞	–⅛	$1.20	–	4.6
19⅝	9⅛	Union Carbide $1	9½xd	+⅛	$1.50	–	8.7
37⅞	16⅜	Utd. Technologies	16¾xd	–½	$1.40	–	4.8
38⅝	26½	US West	27⅞	+⅛	$3.28	–	6.9
30½	17⅛	Waste Management $1	17½	–⅛	–	–	–
31⅝	11⅛	Whirlpool $1.0	12	–¼	–	–	–
37⅛	16½	♥Woolworth $3½	17⅛	+⅛	$1.32	–	4.4

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp	295p	+5	–	–	–
264p	10p	♥Abbot Energy Corp.	23½p		–	–	–
18⅛	506p	♥Amer. Barrick Res.	11½	+¼	–	–	–
141p	6p	American Lightwave	6½p	+¼	–	–	–
122p	33p	♥Ameneo	37p	+½	–	–	–
117p	39½p	Augmitto Expln.	50p	+1	–	–	–
19⅝	10⅝	Bk. Montreal	11⅜xd	+⅛	$2.00	–	7.7
10½	488p	Bk. Nova Scot.	521p	+20	72c	–	6.1
20⅝	15	BCE	15		$2.40	–	7.0
10⅝	511p	♥Bow Valley	533p		40c	–	3.3
20	10⅝	♥Brascan	10¼	+⅛	88c	–	3.8
609p	197p	♥Breakwater Res.	285p		10c	–	1.5
12¾	411p	Campeau Corp	675p	+6	–	–	–
11⅝	734p	Can. Imp. Bk. $2	823pxd		$1.08	–	5.7
14	792p	Can. Pacific	792p	–6	60c	–	3.3
42½	37⅛	Do. 4pc Deb £100	41½xd		4%	–	9.6
827p	332p	Central Capital "A"	348p		–	–	–
152p	28½p	Danbus Res.	51p	+½	–	–	–
780p	432p	Derlan Inds.	469p		11.75c	–	1.1
18	756p	♥Echo Bay Mines	12½		20c	–	0.7
68p	26½p	Energex Minerals	31p	+½	–	–	–
230p	66p	Euro-Asia Capital Ltd.	86½p		–	–	–
821p	283p	♥Galactic Resources	341p	+4	–	–	–
69p	4½p	Global Data Systems	38p	+½	–	–	–
873p	260p	Granges Explnl	399p	+3	–	–	–
19½p	7½p	♥Gt. Pacific Res.	7½p		–	–	–
14½	560p	♥Gulf Canada	560p	–15	52c	–	4.1
14⅛	782p	♥Hawker Sid Can	851p	+7	96c	–	4.9
740p	338p	Henlys Group	359p		–	–	–
14⅛	776p	♥Hudson's Bay	776p	–15	60c	–	3.4
38⅛	21⅛	♥Imperial Oil	22	+⅛	$1.60	–	3.2
14⅛	764p	Inco	877p	–25	US$0.20	–	1.3
230	14½	♥Intl. Corona Res.	24½	+¼	–	–	–
785p	454p	♥Inland Nat. Gas $1	454p		60c	–	5.8
10⅛	385p	♥Lacana Mining Corp	487p		0.15c	–	1.1
756p	129p	Madeleine Mines	255p	+2	–	–	–
2456p	102p	♥Muscocho Expln.	165p	+3	–	–	–
11⅛	505p	♥Ntnl Business Sys.	595p	–33	–	–	–
623p	183p	♥Nevada Goldfields	211p		–	–	–
251	696p	♥Rio Algom	755p	+6	$1.30	–	7.5
19⅛	11¼	Royal Bk. Can.	11⅝	+¼	$2.08	–	7.8
403p	135p	♥Royex Gold Mining	381p		–	–	–
52¼	27⅛	Seagram	27⅞	+⅛	US$1.00	–	2.1
731p	235p	♥Sonora Gold Corp	340p	+3	–	–	–
208p	21½p	Spiral Exp.	23½p	+½	–	–	–
15⅛	10	Toronto-Dom. Bk.	11xd	+¼	84c	–	3.3
228p	19p	♥Trans Atlantic Res	31p	+1	–	–	–
10⅛	591p	♥Trans Can Pipe	595p	+4	$1.12	–	8.2
200p	115p	Varity Corp	122p	–5	B–	–	–

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES – Contd

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
516	300	Pearl Group 5p	338	–5	†20.5	–	4.3	–
*£11¼	733	Prudential	756		†29.0	–	5.3	–
548	350	Refuge 5p	373	+3	15.75	–	5.8	–
595	345	Royal	387	–4	†15.5	–	5.8	–
110	75	Sabre Ins. Intl	80	+5	–	–	–	–
*345	168	Sedgwick Group 10p	188		12.0	1.7	8.7	10.0
339	135	Steel Burrill 1.10p	140		†9.0	2.0	8.3	8.2
612	303	Sturge Hldgs 20p	325		†6.0	2.5	2.5	21.3
£12¼	645	Sun Alliance	735	–5	†21.5	–	4.1	–
£13	865	Sun Life 5p	880	–5	†28.5	–	4.4	–
[illegible]	[illegible]	Taisho M EDR	[illegible]	[illegible]	[illegible]	–	1.0	–
[illegible]	[illegible]	Torchmark $1.00	[illegible]	[illegible]	[illegible]	–	4.5	–
410	235	Trade Indemnity	350	–5	14.3	–	1.7	–
£34	£17¾	Travelers $1.25	[illegible]	[illegible]	$2.28	–	7.2	–
£30⅛	£16	USF & G Corp $2.50	£16	[illegible]	Q$2.48	–	8.9	–
£32¼	£15¾	USLIFE Corp. $1.0	£16	[illegible]	Q$1.20	3.2	4.6	6.8
738	555	Wind Friendly B 10p	570		21.0	–	5.0	–
464	202	Willis Faber 12½p	214	+7	†10.75	2.4	6.9	8.1
128	41	Windsor Secs. 10p	60	–4	†0.7	1.5	1.3	–

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	10	A & M Group 10p	13		–	–	–	–
242	83	Airtours 10p	83		1.65.0	♦	9.5	♦
*549	253	Anglia TV	254	–1	†11.25	3.3	6.3	7.1
198	77	Aspinall Hldgs. 10p	140		4.0	1.2	5.1	21.9
143	62	Avesco 1p	71	+8	0.5	4.7	1.0	28.1
72	40	BBCE Hldgs 5p	47	–2	1.0	♦	2.9	♦
300	132	Barr & W.A.T. 'A'	285	–10	10.0	1.4	5.9	15.1
58	22	Bond Media	24		–	–	–	–
235	165	Boosey & Hawkes	178		–	–	–	–
83	28	Border T.V.	40	+1	1.4	♦	4.8	♦
*439	43	Brent Walker 10p	250	–5	†9.5	2.2	5.5	12.1
124	79	Do 6pc.Cv.Cm.Rd.Pf.	92xd	–2	6.9	–	8.9	–

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

A selection of Options traded is given on the London Stock Exchange Report Page

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov 23	Dec 3	Dec 4	Dec 14
Dec 7	Dec 17	Dec 18	Jan 4
Dec 21	Jan 7	Jan 8	Jan 18

*New time dealings may take place from 8.00 am two business days earlier.

Modest rally in blue chip international equities but prices close off the top

LONDON'S SECURITIES markets made a brave start to a week which promises significant disclosures of the economic fortunes of the major trading nations. With the dollar steadier, equities opened the new trading account firmly, but slipped off their best levels when Wall Street faltered in early trading. An easier trend in the pound weakened Government bonds initially, but prices rallied

The City's attention is focussed on Thursday, when the latest US trade figures are due. Whatever the news on the deficit, and London analysts expect little improvement in the October figures, it is likely to set the pace for the dollar in the near term.

The US trade figures will be accompanied on the same day by the Japanese trade figures for November, and then, on Friday, by the latest US retail sales statistics. With these heavyweight factors looming, the markets made little response yesterday to the UK retail sales figures for November.

"You would be foolish to chance your arm ahead of the US trade figures", commented Dr Ahnab Banerji of Nomura Securities. Fund managers are known to be flush with cash after restructuring battered portfolios. However, they are still very cautious towards equities turnover remained well below bull market levels.

The FT-SE 100 index gained nearly 20 points at first, breaching the 1600 mark for the first time since the dollar turned down again a week ago. But Wall Street, although higher, made a somewhat irregular start, and the FT-SE 1600 barrier was reinstated at mid-afternoon. At the close, however, the FT-SE showed a net gain of 15.6 at 1598.4.

The firm start reflected a steadier tone in market comments from some major UK securities houses. Warburg Securities, while recognising that the UK market will be "crucially dependent" on the rate of US growth next year, suggested that the UK market could see a near term correction of 10-15 per cent, with a further rise in line with earnings growth. It has reduced its 1987 and 1988 UK profits estimates by a couple of percentage points - "a little less than we originally guessed".

Kleinwort Grieveson Securities, however, warns that any rally could prove short-lived, reminding investors that FT-SE 1730 has so far proved a selling trigger.

Against this uncertain background, the first half of the session brought some selective buying from the fund managers, concentrated on the international stocks which have been hurt by the strength of sterling.

Glaxo, ICI and **Jaguar,** featured on the list of share gains. Oil shares also performed well, as the latest burst of Kuwaiti demand for **British Petroleum** lifted confidence ahead of this month's meeting of the Opec ministers.

Corporate trading news played a minor role in the marketplace, but the mood was helped by the promised offer terms for MK Electric from Legrand of France.

News that L.F. Rothschild planned a "briefing" in New York discouraged a London market already nervous over the pressures on its own trading firms. This week brings interim figures from Smith New Court, which will incorporate a brief portion of the post-Black Monday experience.

Government bonds took a heavy tumble in early trading, when the market was responding to the initial downturn in the pound, and also to a weak performance by US Treasury bonds in Japan overnight. There was very little selling pressure, however, and prices quickly rallied when the dollar's hesitation brought the buyers back in.

By the close, net falls in bonds had been trimmed to around 3/16 of a point. Index-linked issues were also a shade off, although dealers said this had little to do with the UK retail sales figures. Both conventional and IL Gilts remained unsettled by reports of forced sales by a trading firm.

Moreover, the City has yet to be convinced that last week's interest rate cuts in Europe will be reflected in a recovery by the US dollar.

Britoil was the busiest share in the oil and gas sector apart from BP and British Gas; turnover of 4.8m shares in Britoil followed a strong advance in the share price - finally up 12 at 185p - as a bear squeeze developed.

The oil sector has performed poorly recently, upset by persistent selling pressure ahead of Friday's OPEC meeting in Vienna.

BP's stake-building saga rumbled on with turnover in the "new", the vehicle through which the Kuwaitis have built up their 10.44 per cent plus holding in BP, again topping the 50m shares mark. The "new" shares settled ½ up at 73p, having touched 74p early in the day, with the Kuwait Investment Office believed to have picked up in the region of a further 20m "BP" shares.

BP "old" hardened 3 to 245p after some 5.5m shares moved through the system; Japanese buyers were said to have been active again.

FINANCIAL TIMES STOCK INDICES

	Dec. 7	Dec. 4	Dec. 3	Nov. 2	Dec. 1	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	89.04	89.58	89.97	89.85	89.76	81.34	93.32 (8/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.75	96.60	96.85	96.39	96.38	88.45	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1279.3	1262.7	1263.6	1266.9	1249.8	1275.5	1926.2 (16/7)	1232.0 (9/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	323.2	329.4	337.0	341.3	338.3	324.4	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.87	4.93	4.91	4.89	4.96	4.46				
Earnings Yld. %(full)	12.05	12.21	12.15	12.10	12.27	10.46				
P/E Ratio (net)(*)	10.14	10.01	10.06	10.10	9.96	11.69				
SEAQ Bargains (5pm)	20,542	26,389	23,323	20,499	25,280	33,250				
Equity Turnover (£m)	-	1036.58	875.86	1009.27	770.29	1162.22				
Equity Bargains	-	28,957	22,842	23,976	28,238	49,802				
Shares Traded (ml)	-	568.1	467.7	426.0	359.2	666.6				

S.E ACTIVITY

Indices	Dec.4	Dec.3
Gilt Edged Bargains	147.8	143.6
Equity Bargains	187.6	148.0
Equity Value	2095.2	1770.3
5-Day average		
Gilt Edged Bargains	133.8	124.3
Equity Bargains	168.5	154.4
Equity Value	1820.5	1643.3

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1267.5	1276.8	1278.7	1281.7	1281.5	1280.6	1279.9	1281.5

Day's High 1282.1 Day's low 1267.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.00.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

MK Electric - already the subject of an unwelcome £206m cashoffer from UK group RTZ - attracted a counter bid worth 660p a share, or a total of £255m, from French group Legrand. MK shares subsequently edged up 6 to 667p as speculators moved in on the view that another bid could well be in the pipeline.

Dealers held mixed views on the possible outcome of the bid battle, but the majority view was that RTZ may now pull out of the fray taking a susbstantial dealing profits with it, via its 21.7 per cent stake acquired through the dawn raid engineered by brokers BZW and Hoare Govett a couple of weeks ago.

S. & W. Berisford, the UK-based commodity trading, financial services, property and foods group, one of whose principle subsidiaries is British Sugar, rose 14 to 269p following annual profits at the top of market estimates and a subsequent positive analysts' meeting.

Associated British Foods decided to allow an offer of 400p cash per share for Berisford to lapse at the beginning of November because of deteriorating market conditions. ABF stated at the time that its interest in acquiring British Sugar was undiminished.

Granada Group advanced 12 to 272p in the wake of the company's announcement of preliminary figures slightly above analysts estimates.

Granada is currently bidding for Electronic Rentals via a combined share exchange and cash offer, but the ER board has rejected the bid as unacceptable in both value and form.

The bank sector made progress across the board but the level of business remained painfully low. **Barclays** moved up 8 to 438p helped by a recommendation by Citicorp Scrimgeour Vickers for clients to switch into **Barclays** from **NatWest;** "We no longer think that NatWest justifies a 1.3 per cent lower yield than Barclays and would advise investors to switch" says analyst Tim Clarke in Citicorp Scrimgeour Vickers' latest Banking Weekly.

But NatWest remain on Wood Mackenzie's buy list and the shares edged up 5 to 520p. **Royal Bank of Scotland** were 8 up at 313p - Morgan Grenfell rate the shares a "strong buy" citing "earnings quality, a big discount to net asset value, and bid interest thrown in for nothing."

Standard Chartered, which announced the sacking of 100 employees in Singapore, were 3 harder at 438p.

Merchant banks gained ground helped by the general market improvement which left **Kleinwort Benson** 15 up at 303p and **Morgan Grenfell** 10 higher at 225p.

Insurances were a quiet market. A BZW recommendation to switch from Commercial Union into Legal and General failed to trigger any major share price movements. But Wood Mackenzie's advice on selling **Pearl** and buying Prudential left the former 5 off at 338p.

Business in the Building sector remained in low key, but prices edged higher during the morning as marketmakers remarked that the sector had a better feel about it. Late trading saw leading issues a shade below the best, but **Blue Circle** still managed a rise of 8 at 303p and **BPB Industries** improved 8 to 280p. **Costain** put on 8 to 247p on vague stakebuilding rumours; Trafalgar House speak for just over 5 per cent of the equity. **George Wimpey** firmed 6 to 193p and **Taylor Woodrow** gained a similar amount to 295p. Elsewhere, **Berkeley Group** gained 8 to 219p in reply to the excellent interim figures, while **Howard Holdings** put on 11 to 56p following favourable comment. **Anglo United,** a dull market last week in the wake of poor results, rallied strongly to close 6 higher at 37p. Dealings in loss-making **Tysons (Contractors)** resumed at 27p with a close of 30p compared with a suspension price of 54p following a change of control and cash injection by Manchester-based J.F. Donelon.

ICI were helped by a steadier US dollar and settled 21 higher at 988p.

The final retail sales figures for October came out at 0.9 per cent - a shade above market estimates according to dealers who marked the leaders higher after the news.

In addition securities houses Phillips and Drew and Wood Mackenzie were said to have taken a positive view of the sector after the recent steep falls in share prices.

Marks and Spencer, especially pressured after the recent profits downgrading by Citicorp Scrimgeour Vickerds and others, rallied 8 to 174p. **Sears,** amid further talk of possdible stake-building activity, edged up 6½ to 131p while **Ratners,** after the recent highly successful presentation to Scottish institutions, jumped a further 14 to 238p. **Next** jumped 10 to 252p after announcing it was withdrawing the Allens group from sale and following talk that broker Wood Mackenzie had upgraded the shares from a "hold" to a "buy". **Storehouse,** however, lost 14 to 232p in the continuing absence of a cash alternative to the Benlox all shares offer. Underwoods jumped 3 to 122p following takeover speculation.

Dealers cited a short position as being mostly responsible for the strength of **BICC** which moved up smartly to close a net 10 up at 331p after a turnover of 3.1m shares. Press comment prompted support for **STC,** up 2 at 208p on a turnover of 4m shares. **Thorn EMI** added 7 at 534p ahead of Thursday's interim results; County NatWest are forecasting pre-tax profits of £48m while Kleinwort Grieveson are going for £57m.

United Scientific also attracted solid buying interest and put on 9 to 193p; Kleinwort Grieveson are forecasting preliminary pre-tax profits of just over £11m and rate the shares a "buy".

Engineers recorded several noteworthy movements. **Braithwaite** featured a late rise of 12 at 213p in response to news of the sale of the business of its wholly owned subsidiary Braithwaite Engineers. **Triplex Lloyd,** reflecting the good interim figures, advanced smartly to close 12 higher at 177p, while **Tex Holdings** gained 10 to 110p following favourable week-end Press mention. **Birmid Qualcast** edged up a couple of pence more to 313p; news of the cash bid of 300p per shrare from Blue Circle came well after market hours.. Among the leaders, **GKN** improved 6 to 259p after acquisition news and a newspaper suggestion that the company is about to clinch an order from Honda.

Foods were selectivley firm, sentiment boosted by slightly-better-than expected preliminary figures from major commidity trader S. & W. Berisford. **Northern Foods,** half-year figures due tomorrow, found support and rose 7 to 264p, while rather more favourable currency influences helped **Rowntree** rise 9 to 390p and **Cadbury Schweppes** harden a couple of pence to 227p. **Hillsdown** attracted occasional buying interest at 235p, up 5 and **Unigate** added 4 to 289p. In the Retailing sector, **Argyll** were prominent and firmed 6 to 176p, but investors adopted a cautious stance awaiting today's interim results from **Dee Corporation** and the price fluctuated narrowly prior to closing unchanged at 169p.

The dollar's steadier performance encouraged tentative support for major overseas earner **Grand Metropolitan** which picked up 10 at 391p; the annual results are due on December 17. **Trusthouse Forte** improved 7 to 193p and **Ladbroke** hardened 3 to 301p.

International stocks were given a mild boost in the wake of a steadier trend in the U.S. dollar. However, actitivity failed to expand from the recent low levels. **Pilkington Group,** awaiting Thursday's interim figures, were one of the more actively traded stocks (some 3.8m shares changed hands) and closed 8 to the good at 1935p. Analysts forecasts range from £120m to £125m pre-tax. **Reed International,** assisted by news of the US commercial paper programme for up to $400m, advanced 12 to 357p. **Reckitt and Colman** gained 21 to 735p **Glaxo** closed a shade firmer ar £10¼.

Elsewhere, **Williams Holdings** were noteworthy for a fall of 15 at 190p after news of the proposed acquisition of Berger Jenson and Nicholson from Hoechst U.K. for a consideration of £100m and the settlement of inter-company debt of approximately £33m. The deal is to be financed by the placing of some 54m shares at 185p per share. **Reed Executive** responded to the the interim figures with a rise of 10 at 145p, while **Dobson Park** edged up a couple of pence to 98p on the preliminary figures. Hopes of a bid from Meridian, the computing arm of the Swiss company Inspectorate International, left **DPCE Holdings** 5 higher at 180p.

Trading statements prompted several good movements in the Advertising sector, with **Carlton Communications** advancing 37 to 590p in response to the preliminary figures and **WCRS** rising 10 to 188p on the interim results.

Properties were better where changed, **Land Securities,** 415p, and **MEPC,** 400p, both rising 5. **Peachey** rose 8 to 333p, while improvements of a few pence were seen in **British Land,** 220p, and **Slough Estates,** 217p; the former's half-year figures are due on December 15. **Marler Estates** were 4 dearer at 425p on the proposed sale of Queen's Park Rangers Football Club to Chaseglade, a new company set up by David Bulstrode, and formed specifically to acquire QPR and continue to run its as a first division football club. **Derwent Valley** attracted support following Press comment and rose 17 to 525p in a restricted market.

Dealings were temporarily suspended in **Abaco** at 54p, up 3, pending a possible offer for the company; British and Commonwealth is a major shareholder (27.45 per cent) in Abaco.Elsewhere in the Financial sector, **Smith New Court** hardened 5 to 180p ahead of Thursday's half-year statement.

Traded option business picked up and a total of 25,419 contracts were transacted, comprising 14,183 calls and 11,236 puts. **Pilkington** attracted 1,696 calls and just 9 puts; the interim results are due on Thursday. **BT** registered 1,688 calls and 2,050 puts, while **Marks and Spencer** attracted 1,815 calls and 2,770 puts. The **FTSE** contract showed only 378 calls and 423 puts.

Traditional Options

- First dealings Nov 30
- Last dealings Dec 11
- Last declarations Mar 3
- For Settlement Mar 14

For rate indications see end of London Share Service

Stocks to attract money for the call included **Redfearn National Glass, Bond Corporation, Control Securities, Blacks Leisure, Standard Chartered, Epicure, Eagle Trust, Elswick, Britoil, Hanson Trust, Walker Greenbank, Campari, Rolls-Royce, Dares Estates, Charterhall, Bryant Holdings, Martin Ford, and London Investment Trust.** Put options were arranged in **P. and O. Deferred and Control Securities,** while **Astra Holdings** were dealt in for the double.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (6).

BRITISH FUNDS (1) Treasury 2pc 1988 LOANS (1) N'wide Ang. 9¾pc 11.7.88 BUILDINGS (1) Gibbs & Dandy ELECTRICALS (1) Allebone 8½pc PLMINES (1) DRX Inc.

NEW LOWS (120).

AMERICANS (17) CANADIANS (3) BANKS (5) BREWERS (2) BUILDINGS (1) CHEMICALS (2) ELECTRICALS (15) ENGINEERING (3) FOODS (3) INDUSTRIALS (17) INSURANCE (6) LEISURE (2) PAPERS (4) PROPERTY (4) SHIPPING (2) TRUSTS (21) OILS (2) OVERSEAS TRADERS (2) PLANTATIONS (1) MINES (6)

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Dec 7 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri Dec 4 Index No.	Thu Dec 3 Index No.	Wed Dec 2 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (214)	640.81	+0.8	11.04	4.48	11.38	20.46	635.45	638.86	640.84	673.70
2	Building Materials (30)	811.26	+1.7	11.89	4.62	10.48	26.06	798.83	809.79	809.91	846.37
3	Contracting, Construction (33)	1199.65	+1.3	10.39	4.15	12.87	34.66	1183.82	1194.12	1193.80	1144.64
4	Electricals (14)	1861.97	+1.0	9.83	4.99	13.23	64.72	1843.92	1841.97	1865.73	1727.74
5	Electronics (33)	1393.41	+0.4	11.43	3.73	11.42	38.48	1387.98	1393.98	1388.30	1431.64
6	Mechanical Engineering (60)	320.21	+0.9	11.61	5.11	10.84	12.17	317.31	318.46	321.61	382.13
8	Metals and Metal Forming (7)	389.60	+2.4	10.54	4.30	11.45	12.48	380.54	374.54	371.99	348.87
9	Motors (14)	224.41	+1.2	13.41	5.16	8.68	7.36	221.69	222.54	225.57	267.28
10	Other Industrial Materials (23)	1127.98	-0.2	9.09	4.56	13.08	37.65	1130.52	1133.47	1141.36	1177.70
21	CONSUMER GROUP (182)	945.83	+1.5	9.14	3.82	13.91	24.88	932.31	940.18	945.85	930.71
22	Brewers and Distillers (21)	912.70	+0.5	11.34	4.28	11.10	24.09	908.28	911.91	918.76	922.41
25	Food Manufacturing (23)	758.34	+1.3	10.09	4.25	12.74	22.50	748.35	756.43	761.60	738.42
26	Food Retailing (17)	1909.40	+1.1	8.36	3.18	15.95	47.36	1888.74	1917.05	1935.01	1850.96
27	Health and Household Products (10)	1706.12	+1.4	6.77	2.63	17.35	33.67	1682.82	1710.49	1701.17	1505.27
29	Leisure (29)	1006.76	+1.3	8.46	4.57	14.79	29.83	993.79	1011.62	1012.27	979.30
31	Packaging & Paper (16)	446.31	+0.8	9.44	4.05	13.94	12.53	442.69	444.66	449.95	489.61
32	Publishing & Printing (15)	2940.15	+1.2	7.44	4.97	16.99	98.06	2905.99	2923.31	2969.45	2668.13
34	Stores (35)	770.92	+2.4	9.68	3.91	13.86	20.18	752.78	749.46	763.06	837.11
35	Textiles (16)	542.13	+3.3	12.18	4.34	9.52	17.60	524.75	527.59	532.06	531.76
40	OTHER GROUPS (87)	766.88	+0.3	12.01	4.82	10.35	22.64	764.49	767.11	770.65	797.53
41	Agencies (17)	884.54	+1.6	7.92	2.69	16.15	37.18	870.35	880.07	883.78	0.0
42	Chemicals (21)	956.87	+1.5	10.40	4.90	11.74	33.55	942.36	945.94	942.86	1018.73
43	Conglomerates (13)	1031.26	-0.3	11.70	5.06	9.82	28.57	1033.96	1041.19	1044.73	0.0
45	Shipping and Transport (11)	1592.84	+0.3	10.67	5.18	12.29	57.73	1588.85	1589.45	1613.28	1534.27
47	Telephone Networks (2)	813.40	—	13.24	5.20	10.06	20.21	813.87	813.87	818.56	788.35
48	Miscellaneous (23)	1043.82	-0.4	14.73	4.57	8.08	34.90	1047.87	1058.88	1058.79	1106.24
49	INDUSTRIAL GROUP (483)	824.89	+1.0	10.38	4.25	12.12	23.54	816.82	821.98	826.02	838.15
51	Oil & Gas (17)	1553.14	+1.6	10.70	6.33	11.53	65.84	1528.68	1512.23	1487.60	1434.56
59	500 SHARE INDEX (500)	886.63	+1.1	10.43	4.56	12.02	27.18	877.16	880.48	882.07	888.53
61	FINANCIAL GROUP (121)	573.37	+0.4	–	5.45	–	22.25	571.10	574.80	577.14	682.13
62	Banks (8)	591.16	+1.4	22.56	6.62	5.86	26.94	583.18	587.37	598.63	647.18
65	Insurance (Life) (8)	843.77	-0.6	–	5.45	–	32.56	848.95	864.62	862.75	858.76
66	Insurance (Composite) (7)	457.43	-0.9	–	6.02	–	20.16	461.56	455.55	455.31	455.05
67	Insurance (Brokers) (8)	759.54	+1.1	14.61	7.55	8.76	40.26	751.16	752.00	754.29	1174.89
68	Merchant Banks (11)	318.41	+1.1	–	4.58	–	10.09	307.89	308.41	312.69	343.55
69	Property (49)	851.95	+0.5	6.07	3.58	21.08	22.00	848.04	868.96	869.08	809.95
70	Other Financial (30)	347.49	+0.1	10.37	4.56	12.22	11.96	347.27	349.21	348.16	362.56
71	Investment Trusts (87)	742.07	.....	–	3.41	–	17.82	742.06	756.58	758.83	858.61
81	Mining Finance (2)	401.59	-2.6	11.32	4.25	9.95	12.77	412.45	425.38	426.79	326.06
91	Overseas Traders (10)	873.71	+1.8	10.34	5.72	11.34	37.00	858.09	861.27	864.86	746.85
99	ALL-SHARE INDEX (720)	803.05	+0.9	–	4.66	–	25.52	795.96	800.06	801.84	812.86

	Index No.	Day's Change	Day's High	Day's Low	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Year ago
FT-SE 100 SHARE INDEX ♦	1598.4	+15.6	1602.6	1587.1	1582.8	1588.4	1590.3	1578.5	1579.9	1623.4

FIXED INTEREST

	PRICE INDICES	Mon Dec 7	Day's change %	Fri Dec 4	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.07	+0.02	124.28	0.15	10.63
2	5-15 years	141.07	-0.23	141.39	–	12.14
3	Over 15 years	147.71	-0.06	147.80	–	12.41
4	Irredeemables	164.64	+0.19	164.33	–	13.99
5	All stocks	137.52	-0.12	137.74	0.05	11.77
	Index-Linked					
6	5 years	125.25		125.24	–	2.18
7	Over 5 years	119.77	+0.01	119.76	–	2.89
8	All stocks	120.04	+0.01	120.03	–	2.82
9	Debentures & Loans	118.97	+0.10	119.01	0.16	10.62
10	Preference	85.59	-0.25	85.87	0.06	6.35

	AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 7	Fri Dec 4	Year ago (approx.)
	British Government				
1	Low	5 years	8.51	8.48	9.95
2	Coupons	15 years	9.42	9.37	10.65
3		25 years	9.26	9.27	10.66
4	Medium	5 years	9.14	9.12	11.39
5	Coupons	15 years	9.61	9.59	11.01
6		25 years	9.51	9.55	10.64
7	High	5 years	9.22	9.19	11.46
8	Coupons	15 years	9.75	9.72	11.20
9		25 years	9.55	9.54	10.73
10	Irredeemables†		8.98	8.97	10.36
	Index-Linked				
11	Inflation rate 5%	5yrs.	2.58	2.52	3.80
12	Inflation rate 5%	Over 5 yrs.	3.73	3.73	3.79
13	Inflation rate 10%	5 yrs.	2.85	2.84	2.37
14	Inflation rate 10%	Over 5 yrs.	3.79	3.79	3.64
15	Debs &	5 years	10.58	10.60	11.86
16	Loans	15 years	10.56	10.58	11.79
17		25 years	10.56	10.58	11.72
18	Preference†		10.57	10.55	11.80

♦Opening index 1587.5; 10 am 1596.8; 11 am 1598.0; Noon 1601.9; 1 pm 1602.4; 2 pm 1600.8; 3 pm 1599.5; 3.30 pm 1601.7; 4 pm 1601.1

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

[illegible]

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	3,100	Enterprise Oil	202	Prudential	154
Allied-Lyons	3,000	Fisons	900	Racal	1,300
Amstrad	2,100	Gen. Accident	81	Rank Org.	167
Argyll Group	648	Gen. Elect	3,100	RMC	350
Assoc. Brit. Foods	96	Glaxo	1,300	RHM	557
BAA	415	Globe Investment	51	Reckitt & Col.	209
BAT	1,700	Granada	596	Redland	207
BET	560	Grand Met	1,300	Reed Intl.	1,200
BICC	3,100	GUS A	158	Reuters	336
BOC	720	Guardian R.E.	362	RTZ	919
BPB Inds	377	GKN	536	Rolls-Royce	4,300
BTR	811	Guinness	989	Rothmans	445
Barclays	1,400	Hammerson	72	Rowntree	52
Bass	400	Hanson Trust	1,600	Ryl Bank Scotland	1,200
Beecham	813	Hawker Sidd	1,100	Royal Insurance	1,000
Blue Arrow	657	Hillsdown Hldgs	1,800	STC	4,000
Blue Circle	309	IMI	499	Saatchi & Saatchi	605
Boots	1,800	ICI	1,100	Sainsbury	306
Brit. Airways	2,300	Jaguar	1,650	Scott & Newcastle	1,000
Brit. Aero	2,900	Ladbroke	720	Sears	3,300
Brit. & Comm.	296	Land Securities	182	Sedgwick	350
British Gas	5,200	Laporte	16	Shell Trans	792
Britoil	4,720	Legal & Gen.	1,600	Smith & Nephew	284
BP	5,300	Lloyds Bank	858	Standard Chart.	349
Brit. Telecom	1,400	LASMO	334	Storehouse	2,000
Bunzl	231	Lonrho	3,500	Sun Alliance	27
Burmah Oil	71	Lucas	293	T & N	7
Burton	1,500	MEPC	500	TSB	651
Cable & Wire	2,700	Marks & Spencer	2,900	Tarmac	768
Cadbury Schwps	387	Maxwell Comms.	75	Tesco	472
Coats Viyella	2,900	Metal Box	84	Thorn EMI	617
Comm. Union	1,500	Midland Bank	547	Trafalgar House	692
Cons. Gold	492	NatWest Bank	213	T'house Forte	895
Cookson	37	Next	690	Ultramar	80
Courtaulds	157	Northern Foods	1,300	Unilever	1,500
Dalgety	283	Pearson	236	United Biscuits	836
Dee Corpn	1,400	Pearl Assurance	274	Wellcome	1,800
Dixons Group	584	P & O	428	Whitbread A	85
English China Clays	105	Pilkington Bros	3,900	Woolworth	1,100
		Plessey	3,500		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	8	100	7
Corporations, Dominion and Foreign Bonds	5	21	27
Industrials	540	315	703
Financial and Properties	145	163	321
Oils	38	18	55
Plantations	3	6	5
Mines	29	90	79
Others	96	58	93
Totals	864	771	1,290

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§95	F.P.	-	58	55	‡Allied Restaurants 5p	58					
330	120	-	88	71	British Petroleum	73	+½	N12.5	1.5	6.1	14.0
†	F.P.	-	268	233	English & Caledonian Inv.	235		-	-	-	-
†	F.P.	-	152	100	Hard Rock Intl. 2p	127	+2	L1.53	3.3	1.6	22.6
†	F.P.	-	125	85	Do 'A' (Restricted Vtg)2p	89	+4	L1.53	3.3	2.4	15.9
-	F.P.	-	180	165	Mayne Nickless	165	-10	Q18.5c	2.0	3.3	14.7
§75	F.P.	-	78	76	Nestor-BNA 10p	76		R1.85	2.5	3.5	16.5
§18	F.P.	-	20	19	‡Pathfinders Grp. 5p	19		b0.29	3.9	2.1	16.6
§114	F.P.	-	121	115	‡Sykes-Pickavant 10p	116		R5.25	2.0	6.1	11.1
§70	F.P.	-	73	66	‡Trevian Hldgs. 10p	66		-	-	-	-

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

WORLD STOCK MARKETS

CANADA

TORONTO
Closing prices December 7

MONTREAL
Closing prices December 7

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 45

Stock	Sales (Hnds)	High	Low	Last	Chng
XOMA	605	11	9½	10½	+1
Xicor	89 387	6½	6⅛	6¼	+ ⅛
Xidex	1266	6¼	6⅛	6⅛	
Xylogic	10 68	9	8¼	9	+ ⅜
Xyvsn	15 158	6¼	5¾	5¾	− ½
YlowFs .62	17 1391	23⅝	23	23⅝	+ ⅝
ZionUt 1.44	63	25	24¼	24¼	− ½
Zondvn	86	9⅛	8⅞	9⅛	+ ¼
Zycad	574	2⅞	2¾	2¾	

Indices

NEW YORK

CANADA

TORONTO	Dec. 4	Dec. 3	Dec. 2	Dec. 1	1987 High	1987 Low
Metals & Minerals	2279.2	2325.6	2411.5	2391.6	3907.5 (5/10)	1988.2 (2/1)
Composite	2909.2	2948.4	3021.6	2997.7	4112.9 (13/8)	2843.9 (10/11)
MONTREAL Portfolio	1443.61	1458.33	1497.95	1475.57	2224.77 (16/7)	1435.99 (26/10)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Cigna	9,647,300	44¼	− ⅛
Exxon	4,889,600	35⅞	+ ⅛
General Electric	2,959,000	40	+ ⅛
I E indus	2,384,300	23	− ½
AT&T	2,365,100	26	
Wal-Mart Stores	2,141,400	21⅝	+ ⅝
IBM	2,135,600	107¾	+ 1¾
Exxon	1,838,600	36¼	+ ¼
American Express	1,639,600	22⅝	+ ⅜
Navistar	1,628,400	3¾	− ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed.(u) Unavailable.

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES

BICC	331	+ 10
Berisford (S. & W.)	269	+ 14
Berkeley Group	219	+ 8
Braithwaite	213	+ 12
Britoil	185	+ 12
Carlton Comms.	585	+ 32
Coats Viyella	242	+ 14
Costain	247	+ 8
Grand Met.	391	+ 10
ICI	988	+ 21
Kleinwort Benson	303	+ 15
Marks & Spencer	174	+ 8
Morgan Grenfell	225	+ 10
Northern Foods	264	+ 7
Peachey Prop.	335	+ 10
Pilkington	193	+ 8
Ratners Group	238	+ 14
Reed Executive	145	+ 10
Reed International	357	+ 12
Triplex Lloyd	177	+ 12
Underwoods	120	+ 11
United Scientific	193	+ 9
WCRS	186	+ 8
Willis Faber	214	+ 7

FALLS

Storehouse	232	− 14
Williams Hldgs	190xr	− 15

TOKYO - Most Active Stocks
Monday December 7 1987

	Stocks Traded	Closing Prices	Change on day
Sumitomo Heavy Inds	15.29m	439	-4
Nippon Steel	15.11m	421	-
Kawasaki Steel	12.52m	348	+9
Nisshin Steel	11.78m	617	+3
Japan Synthetic Rubber	11.30m	843	-14
Clarion	7.27m	877	-19
Kobe Steel	5.28m	272	-4
Makita Electric Works	4.53m	1,660	+10
Hitachi	4.53m	1,160	+10
Ishikawajima-Harima	3.85m	616	+2

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25 5/8	14	AAR s	.36	2.4	14	574	14 7/8	14 1/8	14 3/4	+ 1/2
32 1/2	19	AFG s	.16	.7	8	622	22 3/4	22 1/8	22 1/8	− 3/8
27	10 1/2	AGS s			11	598	12 3/4	11 1/4	12 1/4	+ 7/8
10 1/2	5 1/4	AMCA				14	6 5/8	6 5/8	6 5/8	
9 3/8	3 1/4	AM Intl			30	551	4 1/2	4 1/4	4 1/4	− 1/4
65 1/2	26 3/4	AMR			9	3219	30	28 3/8	30	+ 1 3/4
27 1/2	24 7/8	ANR pf	2.67	11.		27	25 1/8	25 1/8	25 1/8	− 1/4
12 1/4	6 3/8	ARX s			7	334	7 1/8	6 7/8	7 1/8	+ 1/8
73 1/2	35 1/8	ASA	2a	4.1		761	48 5/8	47	48 1/2	+ 1/4
22 3/8	9 1/2	AVX			14	319	11 7/8	11 3/8	11 3/8	− 1/8
67	40	AbtLab	1	2.3	17	3198	44 1/4	42 5/8	44	+ 1
28	15 3/8	Abitibi g				86	18 1/4	17 3/4	18 1/4	+ 3/8
18 3/4	8 1/2	AcmeC	.40	4.1	14	207	9 7/8	9 5/8	9 7/8	+ 1/4
10 1/2	6 1/8	AcmeE	.32b	4.6	24	3	7	7	7	− 1/8
20	14 1/8	AdaEx	3.34e	22.		211	15 1/4	14 7/8	15	− 1/4
19 1/2	6 7/8	AdmM s	.24	3.0	6	418	8 1/8	7	8	+ 1 1/8
35	16 5/8	AdvSys			11	473	26	25	25	− 1/2
24 7/8	7 1/2	AMD				2371	8 1/2	8 1/8	8 1/2	+ 3/8
56 3/4	29 1/4	AMD pf	3	10.		113	30 1/4	29 1/4	30	+ 1/2
11 7/8	4 5/8	Adobe				110	5 1/8	5	5 1/8	+ 1/8
20 1/2	15 1/2	Adob pf	1.84	11.		10	16 3/4	16 3/4	16 3/4	+ 1/4
21 7/8	17	Adob pf	2.40	12.		8	20 1/8	20	20 1/8	
15	6 1/8	Advest	.12a	1.6	6	209	7 1/2	7 1/4	7 3/8	
68 1/4	43 7/8	AetnLf	2.76	6.2	6	2574	45	44 1/2	44 7/8	+ 1/8
83 1/2	33 1/4	AffPb s	.40	.9	7	293	43 1/4	41	43 1/4	+ 2 1/4
26 7/8	13 3/8	Ahmans	.88	6.2	6	4931	14 3/8	14	14 1/8	− 1/8
5 3/8	1 3/4	Aileen				55	2 1/4	2 1/8	2 1/8	
53 7/8	29	AirPrd	1	3.1	12	2007	32 3/8	31	32 5/8	+ 1 1/2
[illegible]										

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
65	50	Xerox	3	5.7	11	3718	52½	51⅝	52⅝	+1⅝
58¼	52½	Xerox pf6.45		10.		846	53	52⅝	53	+¼
31½	19⅝	XTRA	.64	3.2	13	117	20⅝	19⅞	20	−⅞
33⅞	16⅞	Yorkin			9	227	20⅞	20	20⅝	+⅞
7¼	2⅜	Zapata				528	2⅞	2¾	2¾	−⅛
37	13½	Zayre	.40	2.9	5	3331	14⅝	13¾	14	−⅜
16⅛	9¼	Zemex	.40	4.1	9	39	9⅞	9⅝	9⅞	+¼
33⅝	10	ZenithE				1925	14⅛	13¼	14	+⅝
13½	3	ZenLab				14117	3¼ d	2¾	2⅞	−⅛
26½	13½	ZenNtl	.80	5.2	7	76	15⅝	15¼	15¼	−⅜
20⅝	11⅝	Zero	.36	2.9	12	325	12⅝	11¾	12¼	+⅜
30¾	15	Zurnin s	.68	4.3	10	x381	16½	16½	16	+¼
10⅝	7⅜	Zweig	.92e	11.		859	8¼	8⅛	8¼	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 43

WORLD STOCK MARKETS

AMERICA

Selected blue chips relieve gloom

Wall Street

SELECTIVE BUYING concentrated in blue chip cyclical stocks helped pull the equity market higher yesterday in what was clearly a reaction to last week's substantial falls, *writes Janet Bush in New York.*

The Dow Jones Industrials Average closed 45.43 points higher at 1,812.17 It may prove significant that the market managed to close above the 1,800 level, regarded by technical analysts as a crucial support and resistance level.

As so often after a week of of hectic activity, business yesterday was subdued. Volume of shares traded totalled a touch under 150m, well down on Thursday and Friday last week. Traders were still shell-shocked by last week's selling and were even less willing to take positions given a series of important economic releases later this week. The mood remained pessimistic.

Key among these is Thursday's announcement of October's US trade figures. The consensus forecast is for a deficit of $14.6bn but many economists are more pessimistic and are looking for a shortfall of perhaps $16bn. The fate of the dollar, whose weakness last week was a prime depressant in both equity and bond markets, is intimately tied to the US trade performance and equity traders are likely to remain on the sidelines until the figures are released.

Friday sees the release of retail sales for November which will be widely watched for some hard evidence of consumer behaviour in the wake of October's share price collapse. Forecasts range widely from 1 per cent down to 2 per cent up.

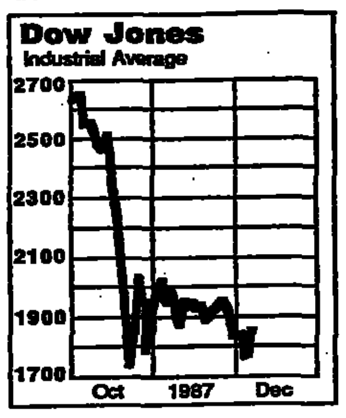
On the same day, November producer prices data are released and are expected on average to be 0.3 per cent higher. Again, there is a wide range of forecasts from a fall of 0.2 per cent to a rise of 0.4 per cent.

Any sign that strong domestic demand coupled with capacity constraints in some industrial sectors is leading to upward pressures on prices will fuel the already-high level of sensitivity in the bond market about inflationary pressures.

The US Treasury bond market yesterday remained weak. The Treasury's 8.875 per cent 30-year issue ended just under one percentage point lower to yield 9.21 per cent.

The tone at yesterday's opening had been slightly less negative, partly due to the dollar's rebound after Friday's coordinated central bank intervention. However, prices were later undermined by the Federal Reserve's decision not to inject funds into the money markets despite the fact that Fed Funds were trading at 6⅝ per cent. This raised concern the Fed may have edged higher its target for Fed Funds to nearer 7 per cent rather than the 6¾ per cent which it appeared to be aiming at in recent weeks. Fed Funds closed at around 6⅞ per cent.

Dow Jones
Industrial Average



The near-term direction of Wall Street is unclear. The rise in share prices yesterday seemed to be a continuation of the late bounce on Friday. Although foreign investors had been somewhat active buyers on reports the US is shifting policy more towards supporting the dollar, traders here wanted to see more concrete evidence of this. Activity is expected to remain quiet prior to Thursday's trade figures.

Blue chip stocks saw some demand. IBM closed $1¾ higher at $109½, Merck jumped $4½ to $158 and General Electric gained $1½ to $41½.

Texaco gained $1⅛ to $32⅞ on reports that the company was now willing to make a non-refuandable $1bn payment to Pennzoil in return for a $3.5bn limit on the judgment against Texaco. This increased hopes a settlement of the dispute can be reached.

Merrill Lynch had risen $¼ during morning trading on speculation it will buy the clearing operation of L F Rothschild but fell back after the actual announcement to close unchanged at $19⅞. L F Rothschild shares closed $⅜ at $4⅝ after it announced substantial job losses.

Share prices of major US copper producers firmed in line with copper prices. Alcoa gained $2½ to $43⅞, Alcan Aluminium rose $1¼ to $24⅝ and Phelps Dodge put on $2⅞ to $42¼.

Canada

TORONTO STOCKS closed sharply higher as bargain-hunting and a stronger US dollar boosted major share groups.

The composite index rose 73.40 to 2982.55 as advances led declines by 418 to 411 on volume of 20.7m shares.

SA hangs on bullion uncertainty

BEFORE Black Monday altered the rules of the investment game, Johannesburg brokers were unanimous in their views on market trends and fundamentals, *writes Jim Jones in Johannesburg.* Now, though, they agree on one thing alone – the local market can be pulled from its post-crash depression only by a strong advance in the bullion price.

The trouble with this simple thesis is that few brokers agree on where gold's price is headed.

Gold shares fell 40 per cent after October's collapse as investors feared a world recession would cut the metal's price. In the event, gold has risen fitfully to break briefly through $490 an ounce last Friday.

Johannesburg gold share indices are nonetheless still 30 per cent down on pre-crash levels, while industrial indices, which initially dropped by about 35 per cent, show no signs of recovering.

Investors are unimpressed by estimates that industrial corporate earnings and dividends are likely to grow next year by 20 per cent. The spate of new issues, which led to 200 or so new listings on the Johannesburg Stock Exchange this year, has halted abruptly – though not before scorching many underwriters' fingers.

Mr Keith Bright, a mining analyst with brokers Frankel, Kruger, has shifted from an estimate of US inflation running at about 7 per cent next year to a figure of 3.5 per cent because of recession, low consumer spending and price cuts. He believes this will cap the bullion price; a view he says is confirmed by gold's drop yesterday to just over $480/oz from last Friday's $490. He is pessimistic about gold as long as investors feel they can earn real returns on US bonds.

Mr Hilton Ashton, senior gold analyst at brokers Mathison & Hollidge, agrees gold could drop further in the next few days, but he believes it will then move steadily towards the $540/oz level needed to justify current prices of gold mining shares. Investors' confidence will be badly knocked, Mr Ashton says, if bullion falters seriously on the way to that level.

Gold shares cannot be called simply on the gold price, Mr Ashton argues. He says foreign investors in particular are prepared to accept lower yields on their gold shares. According to reports in Johannesburg, US investors and precious metal mutual funds are returning to South African gold shares, and ignoring any political risks of investing in the country.

Broker Mr William Bowler sees the bear market lasting and gold shares as beginning the recovery chartists say simply precedes the second sell-off which carries the market further down its bear run.

He says local institutions could underpin the market if they believed gold would hold above $480/oz. For now, he does not believe selling by local mutual funds will depress the market excessively.

Several of the funds are associated with insurance companies, and they can raise the cash to finance unit redemptions by selling shares into their associates' portfolios.

Other mutuals are believed aleady to have begun liquidating their most marketable shares, and this partly accounts for De Beers' sharp drop after Black Monday. De Beers closed yesterday at R28.35, down R65 and is likely to remain the JSE's bellwether most of next year.

Yesterday Vaal Reefs fell R18 to R340 as golds eased in thin trade. Kloof lost R1.75 to R38.25 and mining financial dipped R2 to R60.

ASIA

Shy institutions leave Nikkei down in thin trade

Tokyo

SMALL-LOT selling in tiny volume eroded the modest gains of morning trading to tip share prices lower towards the close in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average shed 86.89 from Saturday to close at 22,586.52 after rising 108 earlier in the session. Turnover was only 291.08m shares, against 335.77m on Friday. Declines outnumbered advances by 437 to 365, with 190 issues unchanged.

Institutional investors mostly sat on the sidelines, reluctant to open new positions before the outcomes of the US-Soviet summit, a general meeting of the Organisation of Petroleum Exporting Countries and the announcement of October US trade figures – all of which are likely to affect market sentiment.

Early and sporadic interest in high-technology stocks faded later to leave the sector largely off its highs. Hitachi finished off its session peak at Y1,660, up Y10 in busy trade. Matsushita Electric Industrial turned down from a bright opening to close Y20 lower at Y2,090, while Sony ended Y10 higher at Y4,920 after recovering to the Y5,000 level with a Y110 advance to Y5,020.

Among large-capitals, Nippon Steel finished unchanged at Y421 and Ishikawajima-Harima Heavy Industries edged Y2 higher at Y616. Kawasaki Steel climbed Y9 to Y348 on active turnover.

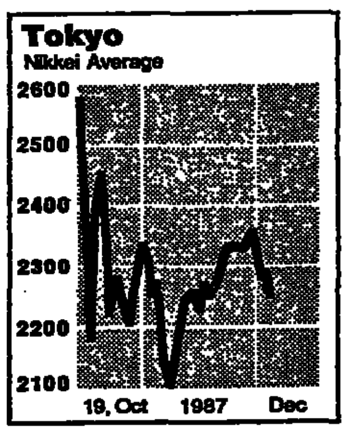
Sumitomo Heavy Industries, the day's most active stock with with 15.29m shares traded, rose Y11 to Y454 before profit-taking pushed it off Y4 to Y439.

Japan Synthetic Rubber lost Y14 to Y843 after rising Y12, but Tokyo Steel, benefitting from forecasts of a sharp rise in profit in the year ending November 1988, spurted Y121 to Y892.

Selected shipping issues were favoured by speculative buyers. Meiji Shipping and Kyoei Tanker advanced Y100 to Y677 and Y56 to Y99 respectively.

The bond market also suffered thin trade, with volume hitting only Y380bn, less than a third of normal levels. Prices were easier.

Tokyo
Nikkei Average



Dealers adopted a cautious approach, apparently waiting for today's Bank of Japan's economic outlook announcement before setting their courses. Small-lot buying was immediately met by larger sell orders.

The yield on the 5.0 per cent Government bond due in October 1997 slid from Saturday's 4.720 per cent to 4.710 per cent at one stage, but turned up later to reach 4.790 per cent.

Prices rallied on the Osaka Securities Exchange, with the OSE stock average advancing 22.20 to 22,906.60.

Trading was thin with only 45.10m shares changing hands, down by 23.43m shares from the full-day session on Friday.

Tsudakoma gained Y50 to Y1,100 after reporting a sharp upswing in profits, while Miyuki Keori jumped Y140 to Y1,280.

Australia

A DROP in the gold price and Friday's declines in London and on Wall Street, pulled share prices lower in Sydney.

Trading was quiet with few foreign investors on the floor and domestic operators concentrated on a narrow range of key stocks.

The All Ordinaries index lost 15.1 to 1,232.0.

Gold-related stocks were the hardest hit after the decline in bullion prices over the weekend as the dollar firmed.

Sons of Gwalia dropped 50 cents to A$8.00, Metana slid 30 cents to A$9.50, Emperor declined 20 cents to A$4.30 and Poseidon was off 15 cents at A$3.55.

Nuigini Mining dropped 70 cents to A$6.20, Peko lost 30 cents to A$5.30, Bougainville shed 14 cents to A$3.30 and Bell Resources declined 10 cents to A$1.35.

Entrepreneurial scrip again suffered the largest falls among industrials. Adsteam lost 15 cents to A$4.25, Elders IXL shed 10 cents to A$3.20 and its associate AFP declined 8 cents to 90 cents.

Banking stocks were least affected by the general slump. ANZ lost 5 cents to A$3.55 and the National Australia Bank fell 3 cents to A$4.35.

December all share price index futures were 24 points lower at 1,179.0 – 52.7 point discount to the physical market – after opening at 1,180.0 from Friday's close of 1,193.0

Singapore

FOREIGN INVESTORS continued to sell in a market with few buyers as uncertainty over the direction of major stock markets and the dollar hung over the market.

The Straits Times industrial index declined 34.53 to 700.45 after prices fell steadily from the start and showed no signs of later resilience in the absence of fresh market signals.

Among the major losers, Metal Box declined 70 cents to S$3.30 while Great Eastern Life shed 50 cents to S$13.00.

Fraser and Neave lost 40 cents to S$6.25 among other blue chips and Singapore International Airlines was down 40 cents at S$7.95, DBS slid 30 cents to S$7.60 and Metro fell 38 cents to S$4.12.

Elsewhere, Sime Darby lost 14 cents to S$1.68, City Development was unchanged at S$1.66, while Haw Par declined 23 cents to S$2.18.

Dollar fear depresses Hong Kong

UNCERTAINTY, fuelled partly by fears of an imminent revaluation of the Hong Kong dollar, outweighed a weekend cut of 0.5 points in the domestic prime interest rate to send the Hang Seng index tumbling 99.28, or 5 per cent, to 1,895, *writes Kevin Hamlin in Hong Kong.*

Turnover was a meagre HK$773m compared with Friday's HK$856m. The index slipped to 1,876 at one point in the afternoon before recovering in the final minutes, but it has now lost more than 300 in the last six sessions.

Analysts say the mammoth HK$10bn rights issue by Mr Li Kashing's companies, which went ahead at high prices after the October crash, continues to cast a pall over the market. Overstretched small investors are still bailing out and institutional buyers are absent.

Nerves over US pressure on the Hong Kong Government to revalue the local currency, which is pegged to the US dollar at the rate of HK$7.80, also provided a stark backdrop.

The feeling is growing among investors that a revaluation is inevitable – although the Government is adamant there will be no change – and that such a move would damage manufacturing and industrial competitiveness.

Some brokers who believed buying support would emerge at 1,800 on the Hang Seng are reviewing their positions. "There is no support for this market. There is nothing to stop it going through 1,800," said one.

"With all this good news – interest rate cuts in Europe and here at the weekend – we'd normally be saying: 'cheap, cheap cheap, buy, buy, buy'," he added. "But there's no bottom to this market. Whatever news there is is used as an excuse to sell."

Companies in the Li Kashing camp were aggressively sold yesterday. Hutchison Whampoa lost 45 cents to HK$5.65, Cheung Kong shed 55 cents to HK$5.20 and Hongkong Electric closed at HK$6.30, down 25 cents.

Elsewhere, Hongkong Bank lost 10 cents to HK$6.40, Hongkong Land was down 60 cents at HK$5.75,

EUROPE

Currency worries curtail upturn

THE STEADY dollar lent some support to blue chips in Europe yesterday, but an undercurrent of deep uncertainty about the long-term prospects for the US currency curtailed enthusiasm. Investors began trickling back to European bourses but volume remained comparatively low.

FRANKFURT eased after an early round of buying, sparked by the firmer dollar, fizzled out as investors lacked both the heart and numbers for a concerted effort to rally.

The Boersen-Zeitung index declined 1.17 to 268.65 and the midsession Commerzbank index fell 4.2 to 1,292.5.

Electrical Siemens rose DM2.50 to DM372 against the trend, AEG edged 20 pfg higher to DM218.70 and high-tech Nixdorf was unchanged at DM540.

Cars saw Daimler rise DM4 to DM603, BMW add DM2 to DM418 and VW slip DM1 to DM221.50.

Banks were broadly lower and insurers posted narrow declines.

The Bundesbank bought DM127.5m of paper after selling DM104.3m on Friday.

AMSTERDAM firmed, ending on or near the day's highs after prices were lifted by the firmer dollar and a better start on Wall Street.

The weighted ANP-CBS index rose 0.7 to 199.0 but, computed at midsession, did not reflect the late advances. The broad-based CBS index rose 1.7 to 61.7, up 2.8 per cent.

Dutch internationals all closed higher. Chemical group Akzo rose Fl 1.60 to Fl 85.60, Royal Dutch advanced Fl 3.50 to Fl 193.50, while KLM added 80 cents to Fl 26.60. Philips gained 40 cents to Fl 27.70 and Unilever climbed Fl 1.10 to Fl 96.50.

ZURICH turned mixed with an easier bias as continuing dollar worries kept volume thin. The Credit Suisse index slipped 6.4 to 407.8.

Banks held a fairly even keel. Union Bank lost SFr100 to SFr3,050, Credit Suisse recovered slightly in late trading and added SFr10 to SFr2,460 and Swiss Bank Corp eased SFr1 to SFr364.

Among industrials, Brown Boveri shed SFr10 to SFr1,690. Georg Fischer and Elektrowatt closed unchanged at SFr730 and SFr2,900 respectively.

PARIS eased during the day but was pulled off early lows by selective bargain-hunting when Wall Street and London moved higher.

The CAC index declined 6.5 to 271.8 with volume slightly higher than in recent weeks.

Leading blue chips nearly all fell. Peugeot and Thomson-CSF each lost FFr12 to FFr871 and FFr670 respectively, Paribas dipped FFr14.50 to FFr270.50 and Lafarge-Coppee slipped FFr36 to FFr1,040.

BRUSSELS edged down but selected shares were pulled off earlier lows by a late flurry of buying.

The Brussels cash market index shed 35.05 to 3,551.11 in low volume while many investors decided to sit it out until after the forthcoming general election.

In holdings, Reserve was unchanged at BFr2,200, but Sofina eased BFr300 to BFr8,600, Cobepa shed BFr15 to BFr3,955 and Tractebel fell BFr200 to BFr4,830.

STOCKHOLM was encouraged by higher prices in London and the firmer dollar which brought investors back to the floor in numbers not seen for nearly a month.

The Affaersvaerlden general index advanced 1.7 per cent to 651.8 as blue chip engineerings forged ahead.

Volvo climbed SKr8 to SKr280, Saab-Scania added SKr7 to SKr148 and Ericsson advanced SKr7 to SKr165.

OSLO continued to decline as anxiety about prices for Norway's North Sea oil mounted while OPEC ministers convened in Vienna.

The all-share index lost 4.87 to 242.68 in very thin trading.

Industrials posted the sharpest falls, closely followed by oils.

MILAN drifted below 700 points as political uncertainties and technical considerations weighed on the market.

The MIB index lost 20 to 699 in very thin trading with many operators marking a local holiday in Milan. Trading was also hampered by the relocation of the stockmarket to temporary premises while the original trading floor is renovated.

Light selling pushed blue chip industrials and insurers lower.

MADRID was lifted by sharp gains in banks which offset retreats in all other sectors.

The general index edged 0.88 higher to 201.96.

HELSINKI slipped narrowly lower in ever decreasing trade. The Unitas all-share index lost 0.6 to 571.2 as volume diminished to record lows.

London

THE NEW trading account opened brightly but London equities lost a lustre gained on the steadier dollar when Wall Street opened hesitantly.

The FT-SE 100 index ended 15.6 up at 1,598.4.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 7 1987					FRIDAY DECEMBER 4 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (89)	91.81	−2.4	75.85	87.32	4.72	94.02	77.55	89.52	180.81	85.80	95.58
Austria (16)	90.70	+0.0	74.93	78.68	2.67	90.71	74.82	78.42	102.87	85.53	95.77
Belgium (48)	94.63	−0.5	78.18	81.79	5.79	95.08	78.43	82.19	134.89	94.63	97.22
Canada (127)	102.59	+2.5	84.76	97.39	3.18	100.07	82.54	95.03	141.78	98.15	100.13
Denmark (38)	109.41	−0.8	90.39	95.94	3.09	110.24	90.92	96.52	124.83	98.18	99.00
France (121)	78.71	−2.0	65.03	69.94	3.83	80.29	66.23	71.26	121.82	77.39	99.58
West Germany (93)	72.55	−0.6	59.94	63.05	3.02	73.00	60.21	63.34	104.93	68.91	96.40
Hong Kong (46)	73.92	−4.5	61.07	73.89	6.66	77.41	63.85	77.19	158.68	73.92	94.40
Ireland (14)	94.59	+1.2	78.15	83.59	5.43	93.50	77.12	82.57	160.22	93.50	94.85
Italy (94)	76.37	−2.2	63.09	70.21	2.73	78.12	64.43	71.67	112.11	72.04	92.50
Japan (457)	137.54	−0.1	113.63	115.41	0.60	137.65	113.54	115.55	161.28	100.00	97.03
Malaysia (36)	93.76	−3.7	77.47	90.37	4.05	97.34	80.29	93.61	193.64	93.76	98.67
Mexico (14)	118.72	+1.0	98.08	292.06	1.01	117.49	96.91	292.24	422.59	99.72	97.37
Netherland (37)	90.52	+1.3	74.79	77.65	5.80	89.39	73.73	76.54	131.41	87.70	98.00
New Zealand (20)	75.09	−0.3	62.04	62.35	5.39	75.28	62.09	62.54	138.99	75.09	92.84
Norway (24)	95.51	−1.9	78.91	83.91	3.27	97.40	80.34	85.10	185.01	95.51	98.58
Singapore (27)	81.65	−4.3	67.46	76.55	3.13	85.29	70.35	79.83	174.28	81.65	100.61
South Africa (61)	134.26	−4.5	110.92	90.32	4.81	140.65	116.01	93.18	198.09	100.00	103.84
Spain (43)	115.93	+1.2	95.78	98.98	4.15	114.52	94.46	98.17	168.81	100.00	92.11
Sweden (34)	93.00	+1.3	76.83	83.09	2.75	91.85	75.76	81.96	136.64	88.50	95.70
Switzerland (53)	75.26	−0.5	62.18	63.73	2.61	75.65	62.40	63.97	111.11	73.65	95.93
United Kingdom (332)	117.00	+0.8	96.66	96.66	4.81	116.06	95.73	95.73	162.87	99.65	93.27
USA (582)	93.11	+2.1	76.92	93.11	3.96	91.21	75.23	91.21	137.42	91.21	104.12
Europe (947)	94.62	+0.0	78.17	80.72	4.18	94.60	78.03	80.59	130.02	92.25	95.07
Pacific Basin (675)	133.40	−0.2	110.21	112.90	0.82	133.71	110.28	113.19	158.77	100.00	96.89
Euro–Pacific (1622)	117.92	−0.1	97.42	100.05	1.91	118.09	97.40	100.18	143.65	100.00	96.17
North America (709)	93.61	+2.1	77.34	93.37	3.91	91.68	75.62	91.44	137.55	91.68	103.90
Europe Ex. UK (615)	80.74	−0.7	66.70	70.75	3.62	81.29	67.05	71.16	111.97	78.89	96.21
Pacific Ex. Japan (218)	83.35	−3.0	68.87	79.71	5.26	85.95	70.89	82.17	164.03	83.17	95.25
World Ex. US (1824)	117.56	−0.1	97.13	100.01	1.98	117.70	97.08	100.09	143.38	100.00	96.39
World Ex. UK (2074)	107.23	+0.6	88.59	97.81	2.40	106.62	87.94	97.24	138.82	100.00	100.00
World Ex. So. Af. (2345)	107.92	+0.6	89.16	97.69	2.62	107.23	88.44	97.05	139.47	100.00	99.36
World Ex. Japan (1949)	93.99	+1.1	77.65	88.56	4.06	92.98	76.69	87.55	134.22	92.98	100.53
The World Index (2406)	108.09	+0.6	89.30	97.67	2.64	107.44	88.62	97.06	139.73	100.00	99.39

Base values: Dec 31, 1986 = 100